



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

PURSUANT TO THE PROVISIONS OF AB 361, THIS MEETING WILL BE CONDUCTED VIRTUALLY WITH THE OPPORTUNITY FOR PUBLIC COMMENT. ALL VOTES TAKEN WILL BE AN ORAL ROLL CALL.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/81291788004 • Meeting ID: 812 9178 8004 	<ul style="list-style-type: none"> • 1 (669) 900-6833 • Meeting ID: 812 9178 8004
* Participation in the meeting via the Zoom app (a free download) is strongly encouraged.	

AGENDA

TUESDAY, FEBRUARY 7, 2023 – 10:00 A.M.

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE Inland Empire Brine Line

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Joe Mouawad, General Manager	Director Jasmin A. Hall
Director David J. Slawson (Alt)	Shivaji Deshmukh, General Manager (Alt)
San Bernardino Valley Municipal Water District	Western Municipal Water District
Director T. Milford Harrison, Chair	Director Mike Gardner, Vice Chair
Director Gil Botello (Alt)	Craig Miller, General Manager (Alt)

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE (T. Milford Harrison, Chair)

2. PUBLIC COMMENTS

Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. ITEMS TO BE ADDED OR DELETED

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.

4. CONSENT CALENDAR

- A. APPROVAL OF MEETING MINUTES: NOVEMBER 1, 20225**
Recommendation: Approve as posted.

- B. **FYE 2024 AND 2025 GOALS AND OBJECTIVES (PA24#2023.1)** 9
Recommendation: Approve as posted.

5. COMMITTEE DISCUSSION/ACTION ITEMS

- A. **INLAND EMPIRE BRINE LINE REACH IV AND REACH IV-B DUCTILE IRON PIPE
CONDITION ASSESSMENT (PA24#2023.2)**23

Presenter: Daniel Vasquez

Recommendation: To authorize the General Manager to execute a General Services Agreement and Task Order No. W&C320-01 with Woodard and Curran in an amount not to exceed \$392,356 to provide Professional Services for the Preparation of the Inland Empire Brine Line Reach IV and IV-B DIP Condition Assessment.

- B. **INLAND EMPIRE BRINE LINE RESERVE FUNDS TRANSFER (PA24#2023.3)**65

Presenter: Karen Williams

Recommendation: That the Project Agreement 24 Committee:

1. Transfer \$5,525,046 from the eliminated reserves to the Pipeline Replacement and Capital Investment Reserve (R-07).
2. Receive and file Reserve Review.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

- A. **BRINE LINE FINANCIAL REPORT – SEPTEMBER 2022**89

Presenter: Karen Williams

- B. **BRINE LINE FINANCIAL REPORT – OCTOBER 2022**95

Presenter: Karen Williams

- C. **BRINE LINE FINANCIAL REPORT – NOVEMBER 2022**.....101

Presenter: Karen Williams

- D. **FINANCIAL REPORT FOR THE FOURTH QUARTER ENDING SEPTEMBER 30, 2022**.....107

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4220. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on February 2, 2023, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office, 11615 Sterling Avenue, Riverside, California.

2023 Project Agreement 24 Committee Regular Meetings

Inland Empire Brine Line
 First Tuesday of Every Month

(Note: All meetings begin at 10:00 a.m., or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier, unless otherwise noticed, and are held at SAWPA.)

January		February	
1/3/23	Regular Committee Meeting [cancelled]	2/7/23	Regular Committee Meeting
March		April	
3/7/23	Regular Committee Meeting	4/4/23	Regular Committee Meeting
May		June	
5/2/23	Regular Committee Meeting	6/6/23	Regular Committee Meeting
July		August	
7/4/23	Regular Committee Meeting	8/1/23	Regular Committee Meeting
September		October	
9/5/23	Regular Committee Meeting	10/3/23	Regular Committee Meeting
November		December	
11/7/23	Regular Committee Meeting	12/5/23	Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
November 1, 2022

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Mike Gardner, Vice Chair, Western Municipal Water District Governing Board
David Slawson, Alternate, Eastern Municipal Water District General Manager
Marco Tule, Inland Empire Utilities Agency Governing Board

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

Shivaji Deshmukh, Inland Empire Utilities Agency
Craig Miller, Western Municipal Water District

STAFF PRESENT

Karen Williams, David Ruhl, Dean Unger, John Leete, Daniel Vasquez, Sara Villa, Zyanya Ramirez

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Nick Kanetis, Eastern Municipal Water District; Ken Tam, Inland Empire Utilities Agency; Derek Kawaii, Western Municipal Water District; Mike Metts, Dudek; Rebekka Hosken, Raftelis; Theresa Jurotich, Raftelis; Charles Diamond, Raftelis

1. CALL TO ORDER| PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:00 a.m. by Chair Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. Pursuant to the provisions of AB 361, this meeting was conducted virtually. All votes taken during this meeting were conducted via oral roll call.

2. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

3. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

4. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: AUGUST 2, 2022

Recommendation: Approve as posted.

MOVED, to approve the Consent Calendar as posted.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Gardner/Tule
Ayes:	Gardner, Harrison, Slawson, Tule
Nays:	None
Abstentions:	None
Absent:	None

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE MASTER PLAN (PA24#2022.9)

David Ruhl provided a presentation on the Inland Empire Brine Line Master Plan, contained in the agenda packet on pages 11-21. The Brine Line Master Plan is a long-term planning document that addresses facility needs to manage and implement the growth and expansion of the Brine Line to best serve the watershed, our member agencies current and future dischargers. In August 2022, SAWPA staff issued a Request for Proposals (RFP) for the professional services for the Inland Empire Brine Line Master Plan. Two (2) proposals were received on September 22, 2022, from Atkins and Dudek. A selection committee consisting of SAWPA, and Member Agency staff reviewed the proposals and interviewed both firms. The firms were scored on criteria outlined in the RFP (project understanding, technical approach, relevant questions, experience, level of effort and references). Dudek received the highest total score and there was unanimous consensus from the selection committee as the most qualified firm to perform the work. Dudek's fee proposal came in \$30k higher than Atkins, though that is due to the hydraulic model development which is important for the basis of the entire master plan. Committee Member Gardner noted that Dudek is a firm that is familiar with all our member agencies and has done excellent work in the past and looks forward to moving forward with the firm.

MOVED, to authorize the General Manager to execute Task Order No. DUDK240-07 with Dudek in an amount not to exceed \$399,980 to provide Professional Services for the Preparation of the Inland Empire Brine Line Master Plan.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Gardner/Slawson
Ayes:	Gardner, Harrison, Slawson, Tule
Nays:	None
Abstentions:	None
Absent:	None

B. INLAND EMPIRE BRINE LINE RESERVE POLICY (PA24#2022.10)

David Ruhl provided a presentation on the Inland Empire Brine Line Reserve Policy, contained in the agenda packet on pages 75-100. Currently SAWPA retains nine (9) reserves and Mr. Ruhl provided an overview of each reserve category. In November, SAWPA contracted with Raftelis to review SAWPA's Reserve Policy. The scope included to review each reserve policy and fund balance requirement, to recommend a minimum, maximum, and target levels. To recommend a methodology to determine reserve levels and to review the lease rate for the Brine Line capacity. Since November 2021, SAWPA staff has worked closely with member agency CFO's, and Raftelis through several workshops to review data and documentation and refine the preliminary findings to present to the General Managers and PA 24 Committee. Mr. Ruhl referenced the summary of recommendations contained in the presentation included in the agenda packet. The draft memorandum and draft Reserve Policy were presented to the General Managers on October 11, 2022, and overall, the General Managers were supportive of the work performed and recommended that it be presented to the PA 24 Committee for approval. The next steps are to incorporate comments received from the PA 24 Committee and finalize Brine Line Reserve Memorandum, recommend approval of the updated SAWPA Reserve Policy to the SAWPA Commission, and involve the member agencies during the biennial budget process.

Committee Member Mike Gardner expressed his concern by the implication of removing the reserve maximum levels. He suggested clarifying the language and having the target level represent the targeted maximum funding. He noted there isn't an issue with changing the title of maximum and it effectively replacing it with the target level, thought suggests including

an explanation that we do not anticipate exceeding the target level in any of the reserves, and some sort of action by the PA 24 Committee will take place when it occurs. Mr. Ruhl noted that each time SAWPA goes through the budget process, each reserve level with funding is presented for that fiscal year and it would be reviewed by the member agencies and then presented to the PA 24 Committee for approval. Chair Milford Harrison commended SAWPA staff for all their efforts and asked if Andrew Turner, SAWPA's Legal Counsel reviewed the suggested changes to the reserve policy. Mr. Ruhl noted that Mr. Turner reviewed the reserve policy and provided the necessary comments and informed the Committee that he will incorporate the appropriate language to clarify the maximum/target levels to the reserve policy.

MOVED, that the Project Agreement 24 Committee:

1. Receive the Draft Brine Line Reserves and Capacity Lease Memorandum and Direct Staff to Finalize the Report.
2. Approve the updated SAWPA Reserve Policy effective contingent on Approval of the Reserve Policy by the SAWPA Commission.
3. Approve the Transfer of the Balance of the Self-Insurance Reserve, Rate Stabilization Reserve and the Flow Imbalance Reserve to the Pipeline Replacement and Capital Investment Reserve (formerly the Pipeline Replacement Reserve), upon Approval of the Reserve Policy by the SAWPA Commission.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Gardner/Tule
Ayes:	Gardner, Harrison, Slawson, Tule
Nays:	None
Abstentions:	None
Absent:	None

Vice Chair, Mike Gardner took over chairing the meeting during Agenda Item No. 5.C.

C. REACH IV AND REACH IV-B DUCTILE IRON PIPE (DIP) BRINE LINE CONDITION ASSESSMENT (PA24#2022.11)

Daniel Vasquez provided a presentation on the Reach IV and IV-B DIP Section Condition Assessment, contained in the agenda packet on pages 103-113. A condition assessment of Reach IV and a portion of Reach IV-B is required to secure the long-term sustainability and reliability of the Inland Empire Brine Line (Brine Line). In 2021, a Criticality Assessment performed by Dudek identified criticality ratings according to an engineering methodology for each reach of the Brine Line. The recommendations made in the consequent technical memorandum included refining the 10-Year CIP to re-prioritize Brine Line infrastructure capital spending according to the highest criticality ratings. This change included Reach IV and IV-B condition assessments. A condition assessment will aid SAWPA in identifying problematic Brine Line system components, necessity of improved access, confirm accuracy in SAWPA's Geographical Informational System (GIS), analyze pipeline conditions, and aid prioritization of SAWPA's capital improvement program. Mr. Vasquez provided a brief report of what the scope of work would entail of the project preparation and requested the PA 24 Committee's approval to release a Request for Proposal for the professional engineering services for the Reach IV and IV-B DIP Brine Line Condition Assessment. There was no discussion.

MOVED, to direct staff to release a Request for Proposal (RFP) for Professional Engineering Services for the Reach IV and Reach IV-B Ductile Iron Pipe (DIP) Brine Line Condition Assessment.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Harrison/Tule
Ayes:	Gardner, Harrison, Slawson, Tule
Nays:	None
Abstentions:	None
Absent:	None

The remainder of the meeting was chaired by Chair, Milford Harrison.

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. BRINE LINE FINANCIAL REPORT – JUNE 2022

Presenter: Karen Williams

B. BRINE LINE FINANCIAL REPORT – JULY 2022

Presenter: Karen Williams

C. BRINE LINE FINANCIAL REPORT – AUGUST 2022

Presenter: Karen Williams

D. FINANCIAL REPORT FOR THE FOURTH QUARTER ENDING JUNE 30, 2022

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

Chair Milford Harrison requested an update on the claim with Southern California Edison under Closed Session.

8. CLOSED SESSION

There was no Closed Session.

9. ADJOURNMENT

There being no further business for review, Chair Harrison adjourned the meeting at 11:07 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on February 7, 2023.

T. Milford Harrison, Chair

Attest:

Sara Villa, Clerk of the Board

PA 24 COMMITTEE MEMORANDUM NO. 2023.1

DATE: February 7, 2023

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: FYE 2024 and 2025 Goals and Objectives

PREPARED BY: Jeff Mosher, General Manager
Karen Williams, Deputy General Manager/Chief Financial Officer
David Ruhl, Executive Director for Engineering and Operations

RECOMMENDATION

It is recommended that the PA 24 Committee (1) Review the goals and objectives that will be used in preparing the FYE 2024 and 2025 Budget, and (2) Receive and file the goals and objectives.

DISCUSSION

The goals and objectives have been developed based on the strategic planning process adopted by the Commission in 2011 and reviewed in 2016 and will be presented for review and discussion at the meeting. The goals and objectives represent the current and future brine line activities. The attached presentation summarizes the FYE 2024 and 2025 Goals and Objectives.

As in the past, the FYE 2024 and 2025 will be a two-year budget and will be prepared in accordance with the Government Finance Officers Association's (GFOA) recommended guidelines and practices. Our last six two-year budgets have received the GFOA Distinguished Budget Presentation Award. Staff will submit the FYE 2024 and 2025 Budget for this award program after final adoption.

RESOURCE IMPACTS

None.

Attachments:

1. Detailed Goals and Objectives

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FYE 2024 and 2025 Budget Brine Line Goals and Objectives

David Ruhl, Executive Manager of Engineering and Operations
February 7, 2023 | Item No. 4.B

Brine Line – Goals and Objectives

Organization (Engineering and Operations Department):

1. Operations (Fund 240)
 - Engineering Activities
 - Operations Activities
 - Permitting and Pre-treatment Activities
2. Capital Projects (Fund 320, 327 and 328)
 - Engineering and Construction
3. Grant Administration and QA / QC (Fund 145 and 150)

Operations – Fund 240 (1 of 3)

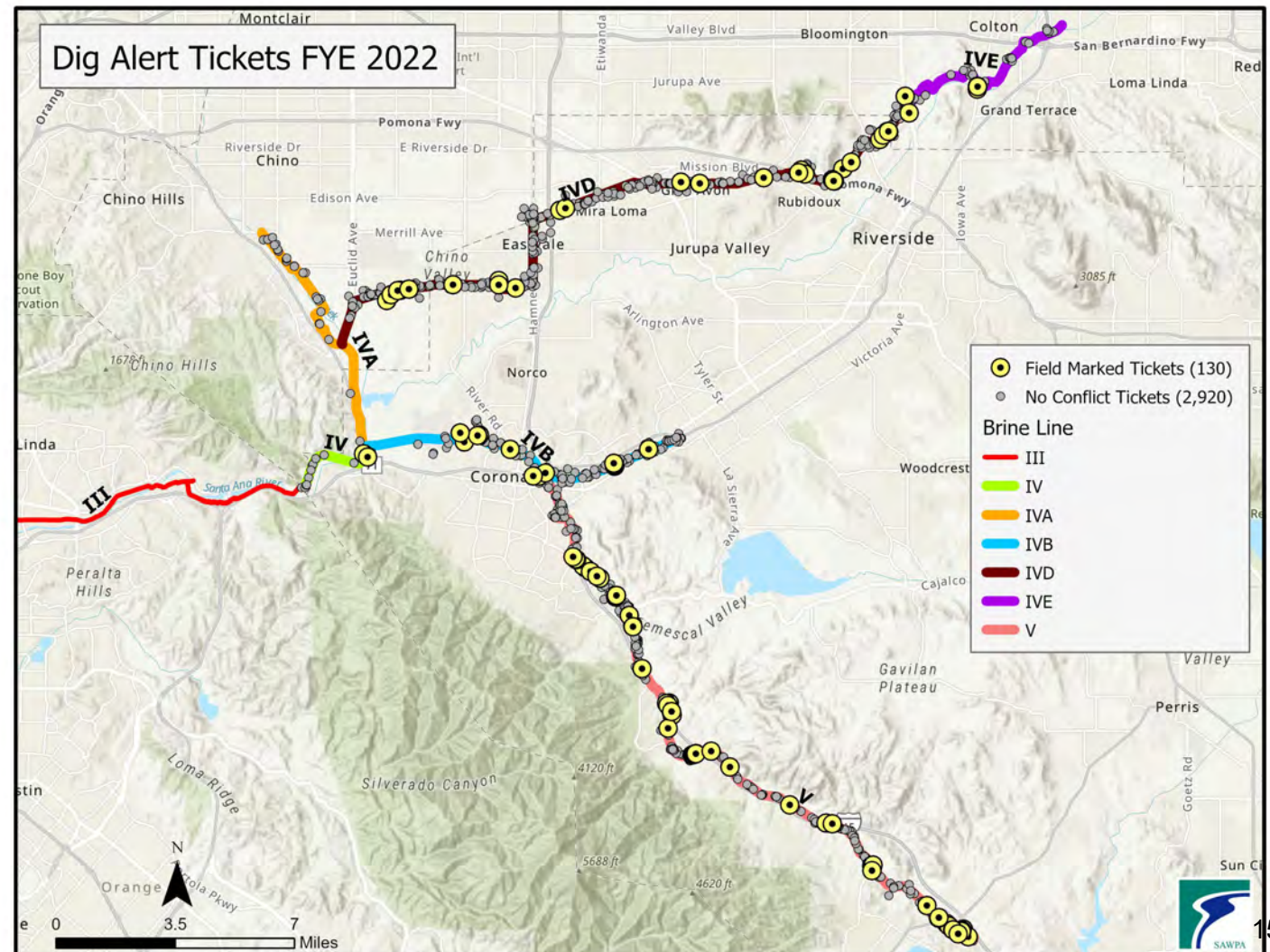
- Operations and Maintenance
 - Inspections
 - Line Cleaning and CCTV Inspection
 - Maintenance Access Structure (MAS) Inspections
 - Maintenance
 - Air Vacuum Valves Maintenance
 - Right-of-way Maintenance
 - Sewer System Management Plan Audit
 - Implement any Corrective Actions
 - Update Sewer System Management Plan
 - Increase in-house Field Staff Capability
 - Reduce Reliance on Contractors
 - Coordination with outside contractors working near the Brine Line
 - Reduce the Risk of SSO's



Air Vacuum Valve Maintenance



Underground Service Alert (USA) Markings (Contractor Coordination)



Operations – Fund 240 (2 of 3)

- Engineering
 - Brine Line Master Plan
 - Additional Studies as Recommended
 - Discharger Lease Agreements
 - Evaluate impacts of tributary flows on Reach IV-B Lower within the Prado inundation area
 - Coordination with Agencies and Developers on review of infrastructure plans with potential to impact the Brine Line
 - Maintain / Grow Partnership with OC San
 - Joint Operations Committee
 - Joint Policy Committee
 - Update Marketing plan, Brochure and Implement Program
 - Other Studies as Needed

Operations – Fund 240 (3 of 3)

- Permitting and Pre-treatment
 - Continue to Administer Program
 - Update Brine Line Ordinance
 - Update Policies and Procedures
 - Audit of Member Agencies and Contract Agencies Programs
 - Audit of SAWPA's Pre-treatment Program
 - Implement any Corrective Actions
 - Monitoring at OC San SARI Metering Station (SMS)
 - Support Billing between SAWPA and OC San

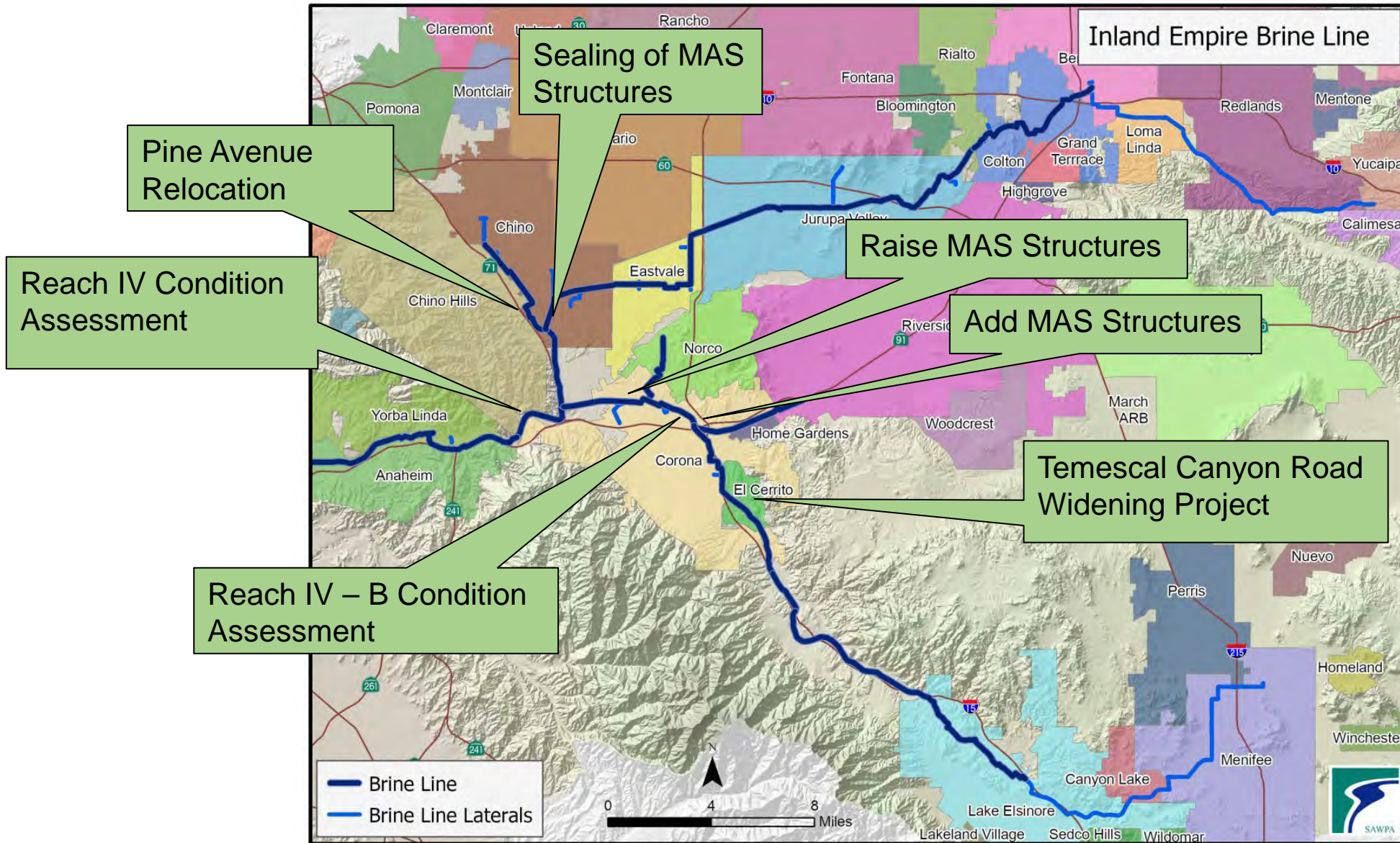


Capital Projects (Fund 320)

- Reach IV Pipeline Inspection and Condition Assessment
- Reach IV – B Lower
 - Pipeline Inspection and Condition Assessment
 - Improvements
 - Add up to two MAS to provide access for cleaning and inspection
 - Raise two MAS within the Prado inundation area
- Protection / Relocation
 - RCTD Widening of Temescal Canyon Road (Reach V)
 - Caltrans / City of Chino Hwy 71 / Pine Avenue off – ramp (Reach IV-A Upper)
 - Relocation of Pine Avenue Siphon
- Complete sealing of MAS structures within the Prado Basin Inundation area below elevation of 556 feet



Capital Projects (Fund 320)



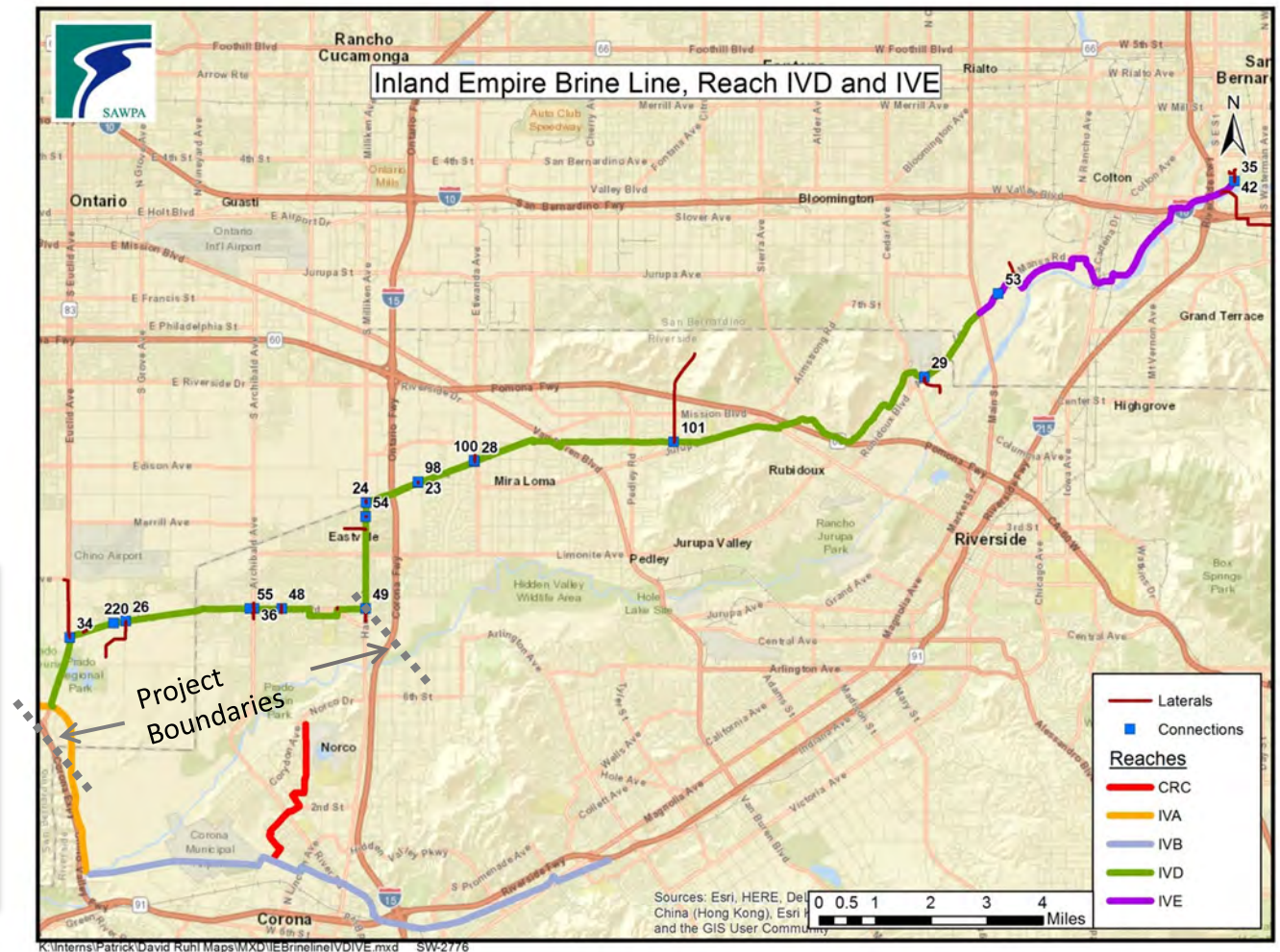
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Capital Projects (Fund 327)

- Reach IV – D Corrosion Repairs
 - Mid-term pipe inspection as recommended in the 2019 Reach IV-D Work Plan and Condition Assessment

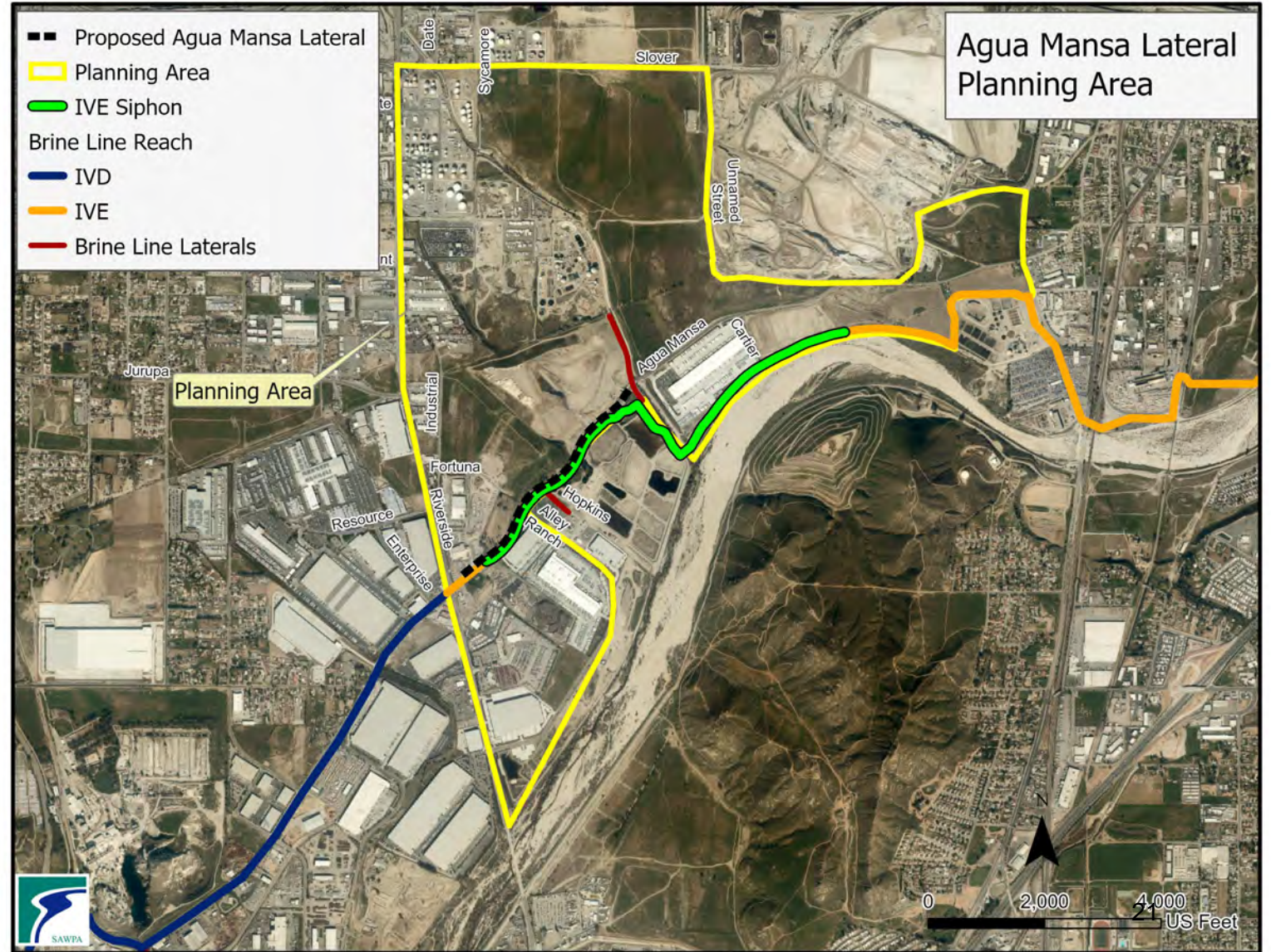


Exposed Concrete Pipe Invert



Capital Projects (Fund 328)

- Agua Mansa Lateral (Reach IV – E)
 - Complete Construction of the Agua Mansa Lateral



FYE 2024 and 2025 Budget
Brine Line
Goals and Objectives

Questions?

PA 24 COMMITTEE MEMORANDUM NO. 2023.2

DATE: February 7, 2023

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Inland Empire Brine Line Reach IV and IV-B Ductile Iron Pipe (DIP)
Condition Assessment

PREPARED BY: Daniel Vasquez, Manager of Operations

RECOMMENDATION

That the Project Agreement 24 Committee authorize the General Manager to execute a General Services Agreement (GSA) and Task Order No. W&C320-01 with Woodard & Curran in an amount not to exceed \$392,356 to provide Professional Services for the Preparation of the Inland Empire Brine Line Reach IV and IV-B DIP Condition Assessment.

DISCUSSION

In November 2022, staff issued a Request for Proposals (RFP) for professional services for the Inland Empire Brine Reach IV and IV-B DIP Condition Assessment. Two (2) proposals were received on December 15, 2022 from:

- Atkins
- Woodard & Curran

A selection committee comprised of SAWPA staff reviewed the proposals and interviewed the two (2) proposing firms on January 11, 2023. The firms were scored on criteria outlined in the RFP (project understanding, technical approach, relevant qualifications, experience, level of effort and references).

The cost proposals submitted were reviewed and scored. The cost proposal score was added to the interview score for a total interview score. Based on the RFP criteria, Woodard & Curran received the highest total score and unanimous consensus from the selection committee as the most qualified firm to perform the work. Woodard & Curran received favorable responses from their references. In addition, SAWPA has working experience with Woodard & Curran and the proposed Project Manager, which was a favorable experience. The fee proposal and score are as follows:

<u>Firm</u>	<u>Fee Proposal</u>	<u>Optional Tasks</u>	<u>Total Fee</u>	<u>Score</u>
Atkins	\$411,939	\$127,664	\$539,603	81.6
Woodard & Curran	\$353,778	\$78,710	\$432,488	93.8

Upon selection of Woodard & Curran as the top qualified firm, Woodard & Curran was contacted to provide additional information regarding the Scope of Work, schedule, allocation of billing hours, optional tasks and assumptions made in the proposal. Based on the discussions with Woodard & Curran, no changes to the original scope and fee were necessary. However, it was determined to be beneficial to include a portion of the optional tasks as additional tasks in the

Scope of Work. The additional tasks include coordination with SAWPA's CCTV contractor prior to and during CCTV field inspections (\$25,198) and implementation of traffic control at field test sites (\$11,020) for a total of \$36,218. Based on the additional tasks the revised total fee is \$392,356. Lastly, Woodard & Curran requested minor changes to SAWPA's GSA. The requested changes were reviewed by Legal counsel and were considered acceptable. A copy of the Scope of Work, GSA and Task Order are attached.

BACKGROUND

A condition assessment of Reach IV and a portion of Reach IV-B is required to secure the long-term sustainability and reliability of the Inland Empire Brine Line (Brine Line). In 2021, a Criticality Assessment performed by Dudek identified criticality ratings according to an engineering methodology for each reach of the Brine Line. The recommendations made in the consequent technical memorandum included refining the 10-Year CIP to re-prioritize Brine Line infrastructure capital spending according to the highest criticality ratings. This change included Reach IV and IV-B condition assessments.

Work to be performed:

Project Preparation. Review all pertinent records pertaining to Reach IV and the Ductile Iron section of Reach IV-B for the Brine Line including associated record drawings, applicable GIS data, flow data, available CCTV, and applicable maintenance records.

Develop Field Inspection Plan. This plan shall present the method to catalog the relevant sections of SAWPA's Brine Line Infrastructure for identifying both the current condition as well as components and sections which have the greatest risk for structural deficiencies.

Implementation of the Field Inspection Plan. Following review and concurrence by SAWPA staff, the Consultant will execute the field inspection plan and gather all relevant data necessary for the technical assessment in the Draft and Final Report.

Draft and Final Report. Use the gathered and presented data to develop a technical memorandum which conveys a narrative of type and magnitude of defects found, statistical analysis for likelihood of future corrosion-based failure and make recommendations for necessary prioritization of rehabilitation/replacement work.

RESOURCE IMPACTS

Funds to cover the Condition Assessment and field investigations are included in the Fiscal Year 22-23 and Fiscal Year 23-24 Budget Fund No. 320-03 (Pipeline Replacement and Capital Investment Reserve) and Fund 240 (Brine Line Enterprise).

Attachments:

1. PowerPoint Presentation
2. GSA, Task Order, Scope of Work, and Fee Schedule



Reach IV and IV-B DIP Condition Assessment

Daniel Vasquez, Manager of Operations
Project Agreement 24 Committee
February 7, 2023 | Item No. 5.A

Reach IV and IV-B DIP Section Condition Assessment

Recommendation:

- That the PA 24 Committee authorize the General Manager to execute Task Order W&C320-01 with Woodard & Curran in an amount not to exceed \$392,356 for the Reach IV and Reach IV-B Ductile Iron Pipe (DIP) Brine Line Condition Assessment.

Background

In 2021, the Criticality Assessment established Criticality Rankings for Brine Line Infrastructure using both probability of failure and consequence of failure analysis.

$$\textit{Criticality Value} = \sqrt{\textit{Consequence of Failure Value}^2 + \textit{Probability of Failure Value}^2}$$

Criticality Map



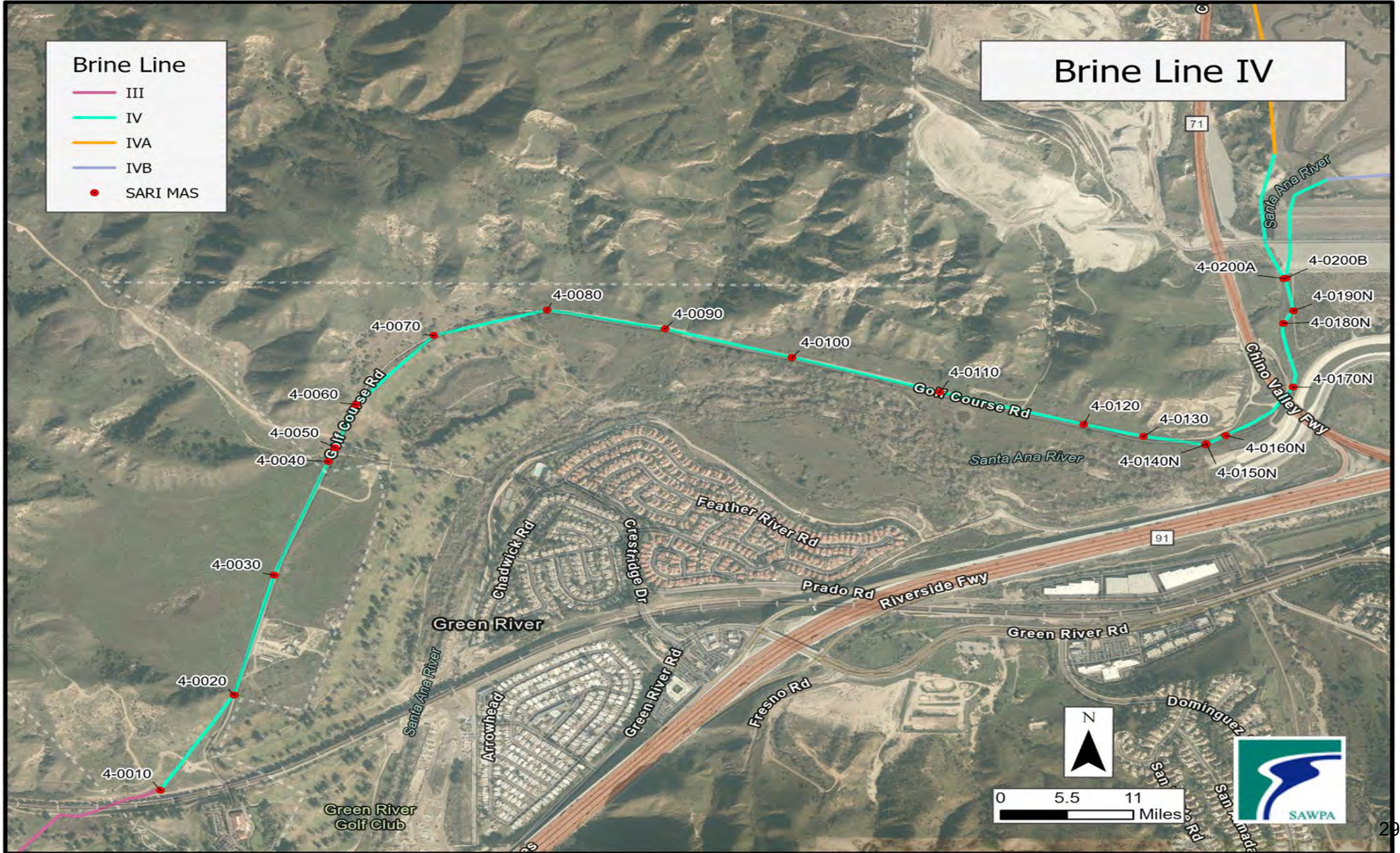
These areas were Identified by 2021 Criticality Assessment for condition assessment.

The 10-Year CIP was refined in 2021 to include these condition assessments for the long-term future sustainability and reliability of the Inland Empire Brine Line.

Brine Line

- III
- IV
- IVA
- IVB
- SARI MAS

Brine Line IV



Reach IV Considerations



Reach IV was constructed in 1975 and is the oldest portion of the Inland Empire Brine Line

42"-48" Reinforced Concrete Pipe with T-Lock 360°

Point of combined flow from every reach.

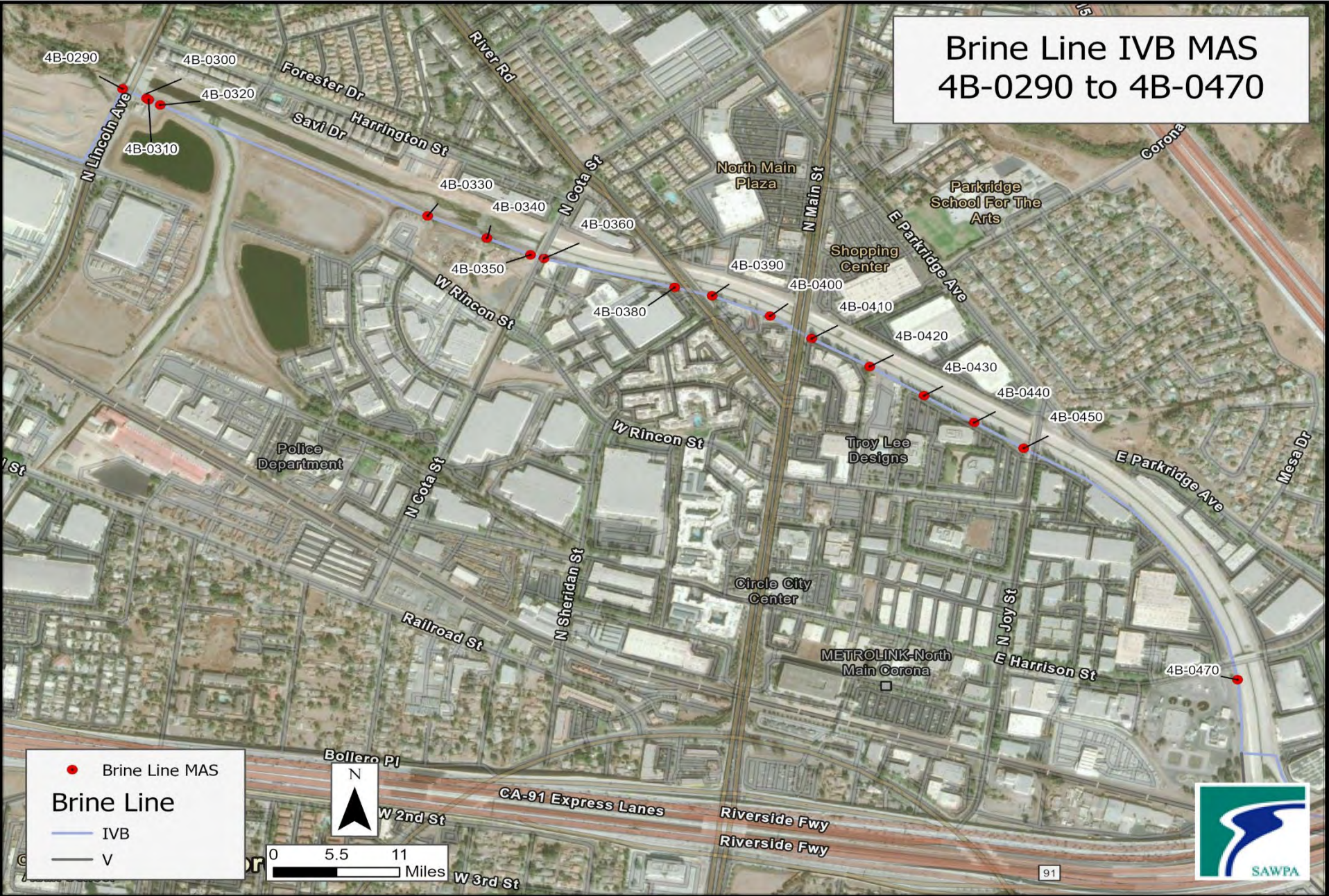
Nesting Season work impediments and Biological Surveys

Necessity of bypass plan and spill prevention plan.

Coordinating work with Green River Golf Course and Army Corps of Engineers.

Storm season may impact the use of vehicles/heavy machinery or general access.

Brine Line IVB MAS 4B-0290 to 4B-0470



Reach IV-B DIP Section Considerations



Approximately 1.6 miles of 36" Ductile Iron Pipe

Requires coordination with Riverside County Flood Control

Traffic Control for street cross sections if bypass is required.

Necessity of Spill Prevention Plan.

Possible coordination of Month-Long Shutdown of EMWD Desalter.

Possible coordination of additional member agency planned shutdowns.

Reach IV and IV-B DIP Condition Assessment– Scope of Work

The Project Scope will include 4 Phases:

Phase 1: Project preparation and planning.

Phase 2: Develop Field Inspection Plan (FIP) for staff approval.

Phase 3: Implement the Field Inspection Plan (FIP).

Phase 4: Prepare the Draft and Final Report.



Selection Process

- 2 Proposals Received:
 1. Atkins
 2. Woodard & Curran
- Both firms selected for interview
- Selection based on scoring of the proposals, interviews, and fee proposal



Selection Process

<u>Firm</u>	<u>Fee Proposal</u>	<u>Optional Tasks</u>	<u>Total Fee</u>	<u>Score</u>
Atkins	\$411,939	\$127,664	\$539,603	81.6
Woodard & Curran	\$353,778	\$78,710	\$432,488	93.8

Woodard & Curran selected as most qualified

Additional tasks were considered and added to Scope of Work:

- Coordination with SAWPA's CCTV Contractor (\$25,198)
- Implementation of Traffic Control at field test sites (\$11,020)
- Minor GSA changes were requested by Woodard & Curran. These changes were reviewed by legal counsel and were considered acceptable.

Based on additional tasks, revised total fee for Woodard & Curran is **\$392,356.00**

Reach IV and IV-B DIP Section Condition Assessment

Recommendation:

- That the PA 24 Committee authorize the General Manager to execute Task Order W&C320-01 with Woodard & Curran in an amount not to exceed \$392,356 for the Reach IV and Reach IV-B Ductile Iron Pipe (DIP) Brine Line Condition Assessment.

Questions?

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SANTA ANA WATERSHED PROJECT AUTHORITY
GENERAL SERVICES AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

This Agreement is made this **7th day of February, 2023** by and between the Santa Ana Watershed Project Authority ("SAWPA") located at 11615 Sterling Avenue, Riverside, CA, 92503 and Woodard and Curran ("Consultant") whose address is 801 T Street, Sacramento, CA 95811.

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

- SAWPA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by SAWPA in writing;
- Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to SAWPA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services; and
- The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by SAWPA to Consultant pursuant to this Agreement.

AGREEMENT

Now, therefore, in consideration of the foregoing Recitals and mutual covenants contained herein, SAWPA and Consultant agree to the following:

ARTICLE I

TERM OF AGREEMENT

1.01 This agreement shall become effective on the date first above written and shall continue until **December 31, 2026**, unless extended or sooner terminated as provided for herein.

ARTICLE II

SERVICES TO BE PERFORMED

2.01 Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Commission and the General Manager of SAWPA. Each assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

2.02 Consultant may at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each assignment; provided that Consultant shall not subcontract any work to be performed without the prior written consent of SAWPA.

ARTICLE III

COMPENSATION

3.01 In consideration for the services to be performed by Consultant, SAWPA agrees to pay Consultant as provided for in each Task Order.

3.02 Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients.

3.03 Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Commission and General Manager of SAWPA, in writing.

3.04 Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by SAWPA's Project Manager, describing, without limitation, the services performed, when such services were performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of SAWPA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

ARTICLE IV

CONSULTANT OBLIGATIONS

4.01 Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement including those specified in each Task Order. In performing the services required by this Agreement and any related Task Order Consultant shall comply with all local, state and federal laws, rules and regulations. Consultant shall also obtain and pay for any permits required for the services it performs under this Agreement and any related Task Order.

4.02 Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

4.03 Consultant shall be solely responsible for the health and safety of its employees, agents and subcontractors in performing the services assigned by SAWPA.

4.04 Insurance Coverage: Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, its agents, representatives, employees or sub-contractors.

4.04(a) Coverage - Coverage shall be at least as broad as the following:

1. **Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence ~~or the full per occurrence limits of the policies available, whichever is greater~~. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to SAWPA) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability** – (if necessary) Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
3. **Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Professional Liability** - (Also known as Errors & Omission) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
5. **Cyber Liability Insurance (Technology Professional Liability – Errors and Omissions)** – If Consultant will be providing technology services, limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate ~~or the full per occurrence limits of the policies available, whichever is greater~~. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Consultant in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress,

invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

~~If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, SAWPA requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to SAWPA.~~

4.04(b) If Claims Made Policies:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five three (35) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of **five-three (53) years** after completion of contract work.

4.04(c) Waiver of Subrogation: The insurer(s) named above agree to waive all rights of subrogation against SAWPA, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the Agency; but this provision applies regardless of whether or not SAWPA has received a waiver of subrogation from the insurer.

4.04(d) Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** SAWPA, its directors, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations.
2. **Primary Coverage:** For any claims related to this project, the Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to SAWPA, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the Member Water Agency its directors, officers, employees and authorized volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.04(e) Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to SAWPA.

4.04(f) Self-Insured Retentions - Self-insured retentions must be declared to and approved by SAWPA. SAWPA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or SAWPA.

4.04(g) Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or as otherwise approved by SAWPA.

4.04(h) Verification of Coverage – Consultant shall furnish SAWPA with certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SAWPA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. SAWPA reserves the right to require ~~complete, certified redacted~~ copies of all required insurance policies, including policy Declaration pages and Endorsement pages.

4.04(i) Subcontractors - Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that SAWPA, its directors, officers, employees and authorized volunteers are additional insureds on Commercial General Liability Coverage.

4.05 Consultant hereby covenants and agrees that SAWPA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligence, recklessness, or willful misconduct of Consultant. To the extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify SAWPA, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all negligent acts or omissions of Consultant or its officers, agents, or employees in rendering services under this Agreement and any Task Order issued hereunder; excluding, however, such liability, claims, losses, damages or expenses arising from SAWPA's sole negligence or willful acts.

4.06 In the event that SAWPA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual(s) shall be appointed and assigned the responsibility of performing the services.

4.07 In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event SAWPA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

4.08 Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages, if required by law.

ARTICLE V

SAWPA OBLIGATIONS

5.01 SAWPA shall:

5.01a Furnish all existing studies, reports and other available data pertinent to each Task Order that are in SAWPA's possession;

5.01b Designate a person to act as liaison between Consultant and the General Manager and Commission of SAWPA.

ARTICLE VI

ADDITIONAL SERVICES, CHANGES AND DELETIONS

6.01 During the term of this Agreement, the Commission of SAWPA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Commission of SAWPA.

6.02 In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Commission of SAWPA, Consultant shall not be compensated for such services.

6.03 Consultant shall promptly advise SAWPA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Commission of SAWPA.

6.04 In the event that SAWPA orders services deleted or reduced, compensation shall be deleted or reduced by a comparable amount as determined by SAWPA and Consultant shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Article III above.

ARTICLE VII

CONSTRUCTION PROJECTS: CONSULTANT CHANGE ORDERS

7.01 In the event SAWPA authorizes Consultant to perform construction management services for SAWPA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, General Manager and Commission of SAWPA. No Change Order shall be issued or executed without the prior approval of the Commission of SAWPA.

ARTICLE VIII

TERMINATION OF AGREEMENT

8.01 In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order and thereupon this Agreement shall automatically terminate without further notice.

8.02 Notwithstanding any other provision of this Agreement, SAWPA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

8.03 In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

ARTICLE IX

CONSULTANT STATUS

9.01 Consultant shall perform the services assigned by SAWPA in Consultant's own way as an independent contractor, in pursuit of Consultant's independent calling and not as an employee of SAWPA. Consultant shall be under the control of SAWPA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with SAWPA's liaison, General Manager, and Commission as provided for in this Agreement.

9.02 Consultant hereby specifically represents and warrants to SAWPA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Furthermore, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

ARTICLE X

AUDIT AND OWNERSHIP OF DOCUMENTS

10.01 All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by SAWPA are the sole property of SAWPA, and Consultant shall promptly deliver all such materials to SAWPA. Consultant may retain copies of the original documents, at its option and expense. Use of such documents by SAWPA for project(s) not the subject of this Agreement shall be at SAWPA's sole risk without legal liability or exposure to Consultant. SAWPA agrees to not release any software "code" without prior written approval from the Consultant.

10.02 Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as SAWPA may deem necessary, Consultant shall make available to SAWPA's agents for examination of all such records and will permit SAWPA's agents to audit, examine and reproduce such records.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 This Agreement supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for SAWPA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

11.02 Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of SAWPA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.03 In the event Consultant is an individual person and dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from SAWPA as of the date of death will be paid to Consultant's estate.

11.04 Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by SAWPA if requested by Consultant and agreed to in writing by SAWPA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

11.05 SAWPA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under this Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file a Conflict of Interest Statement with SAWPA.

11.06 Any dispute which may arise by and between SAWPA and the Consultant, including the Consultants, its employees, agents and subcontractors, shall be submitted to binding arbitration. Arbitration shall be conducted by a neutral, impartial arbitration service that the parties mutually agree upon, in accordance with its rules and procedures. The arbitrator must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the parties stipulate to the contrary prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation conducted by a neutral, impartial mediation service that the parties mutually agree upon, in accordance with its rules and procedures.

11.07 During the performance of the Agreement, Consultant and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status and denial of family care leave. Consultant and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12290 et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Consultant shall include the

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SANTA ANA WATERSHED PROJECT AUTHORITY
GENERAL SERVICES AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

This Agreement is made this **7th day of February, 2023** by and between the Santa Ana Watershed Project Authority ("SAWPA") located at 11615 Sterling Avenue, Riverside, CA, 92503 and Woodard and Curran ("Consultant") whose address is 801 T Street, Sacramento, CA 95811.

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

- SAWPA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by SAWPA in writing;
- Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to SAWPA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services; and
- The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by SAWPA to Consultant pursuant to this Agreement.

AGREEMENT

Now, therefore, in consideration of the foregoing Recitals and mutual covenants contained herein, SAWPA and Consultant agree to the following:

ARTICLE I

TERM OF AGREEMENT

1.01 This agreement shall become effective on the date first above written and shall continue until **December 31, 2026**, unless extended or sooner terminated as provided for herein.

ARTICLE II

SERVICES TO BE PERFORMED

2.01 Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Commission and the General Manager of SAWPA. Each assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

2.02 Consultant may at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each assignment; provided that Consultant shall not subcontract any work to be performed without the prior written consent of SAWPA.

ARTICLE III

COMPENSATION

3.01 In consideration for the services to be performed by Consultant, SAWPA agrees to pay Consultant as provided for in each Task Order.

3.02 Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients.

3.03 Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Commission and General Manager of SAWPA, in writing.

3.04 Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by SAWPA's Project Manager, describing, without limitation, the services performed, when such services were performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of SAWPA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

ARTICLE IV

CONSULTANT OBLIGATIONS

4.01 Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement including those specified in each Task Order. In performing the services required by this Agreement and any related Task Order Consultant shall comply with all local, state and federal laws, rules and regulations. Consultant shall also obtain and pay for any permits required for the services it performs under this Agreement and any related Task Order.

4.02 Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

4.03 Consultant shall be solely responsible for the health and safety of its employees, agents and subcontractors in performing the services assigned by SAWPA.

4.04 Insurance Coverage: Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, its agents, representatives, employees or sub-contractors.

4.04(a) Coverage - Coverage shall be at least as broad as the following:

- 1. Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to SAWPA) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability** – (if necessary) Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
- 3. Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- 4. Professional Liability** - (Also known as Errors & Omission) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- 5. Cyber Liability Insurance (Technology Professional Liability – Errors and Omissions)** – If Consultant will be providing technology services, limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Consultant in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information,

extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

4.04(b) If Claims Made Policies:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least three (3) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of **three (3) years** after completion of contract work.

4.04(c) Waiver of Subrogation: The insurer(s) named above agree to waive all rights of subrogation against SAWPA, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the Agency; but this provision applies regardless of whether or not SAWPA has received a waiver of subrogation from the insurer.

4.04(d) Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** SAWPA, its directors, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations.
2. **Primary Coverage:** For any claims related to this project, the Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to SAWPA, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the Member Water Agency its directors, officers, employees and authorized volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.04(e) Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to SAWPA.

4.04(f) Self-Insured Retentions - Self-insured retentions must be declared to and approved by SAWPA. SAWPA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or SAWPA.

4.04(g) Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or as otherwise approved by SAWPA.

4.04(h) Verification of Coverage – Consultant shall furnish SAWPA with certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SAWPA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. SAWPA reserves the right to require redacted copies of all required insurance policies, including policy Declaration pages and Endorsement pages.

4.04(i) Subcontractors - Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that SAWPA, its directors, officers, employees and authorized volunteers are additional insureds on Commercial General Liability Coverage.

4.05 Consultant hereby covenants and agrees that SAWPA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligence, recklessness, or willful misconduct of Consultant. To the extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify SAWPA, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all negligent acts or omissions of Consultant or its officers, agents, or employees in rendering services under this Agreement and any Task Order issued hereunder; excluding, however, such liability, claims, losses, damages or expenses arising from SAWPA's sole negligence or willful acts.

4.06 In the event that SAWPA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual(s) shall be appointed and assigned the responsibility of performing the services.

4.07 In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event SAWPA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

4.08 Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages, if required by law.

ARTICLE V

SAWPA OBLIGATIONS

5.01 SAWPA shall:

5.01a Furnish all existing studies, reports and other available data pertinent to each Task Order that are in SAWPA's possession;

5.01b Designate a person to act as liaison between Consultant and the General Manager and Commission of SAWPA.

ARTICLE VI

ADDITIONAL SERVICES, CHANGES AND DELETIONS

6.01 During the term of this Agreement, the Commission of SAWPA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Commission of SAWPA.

6.02 In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Commission of SAWPA, Consultant shall not be compensated for such services.

6.03 Consultant shall promptly advise SAWPA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Commission of SAWPA.

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ARTICLE VII

CONSTRUCTION PROJECTS: CONSULTANT CHANGE ORDERS

7.01 In the event SAWPA authorizes Consultant to perform construction management services for SAWPA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, General Manager and Commission of SAWPA. No Change Order shall be issued or executed without the prior approval of the Commission of SAWPA.

ARTICLE VIII

TERMINATION OF AGREEMENT

8.01 In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order and thereupon this Agreement shall automatically terminate without further notice.

8.02 Notwithstanding any other provision of this Agreement, SAWPA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

8.03 In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

ARTICLE IX

CONSULTANT STATUS

9.01 Consultant shall perform the services assigned by SAWPA in Consultant's own way as an independent contractor, in pursuit of Consultant's independent calling and not as an employee of SAWPA. Consultant shall be under the control of SAWPA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with SAWPA's liaison, General Manager, and Commission as provided for in this Agreement.

9.02 Consultant hereby specifically represents and warrants to SAWPA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Furthermore, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

ARTICLE X

AUDIT AND OWNERSHIP OF DOCUMENTS

10.01 All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by SAWPA are the sole property of SAWPA, and Consultant shall promptly deliver all such materials to SAWPA. Consultant may retain copies of the original documents, at its option and expense. Use of such documents by SAWPA for project(s) not the subject of this Agreement shall be at SAWPA's sole risk without legal liability or exposure to Consultant. SAWPA agrees to not release any software "code" without prior written approval from the Consultant.

10.02 Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as SAWPA may deem necessary, Consultant shall make available to SAWPA's agents for examination of all such records and will permit SAWPA's agents to audit, examine and reproduce such records.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 This Agreement supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for SAWPA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

11.02 Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of SAWPA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.03 In the event Consultant is an individual person and dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from SAWPA as of the date of death will be paid to Consultant's estate.

11.04 Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by SAWPA if requested by Consultant and agreed to in writing by SAWPA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

11.05 SAWPA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under this Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file a Conflict of Interest Statement with SAWPA.

11.06 Any dispute which may arise by and between SAWPA and the Consultant, including the Consultants, its employees, agents and subcontractors, shall be submitted to binding arbitration. Arbitration shall be conducted by a neutral, impartial arbitration service that the parties mutually agree upon, in accordance with its rules and procedures. The arbitrator must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the parties stipulate to the contrary prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation conducted by a neutral, impartial mediation service that the parties mutually agree upon, in accordance with its rules and procedures.

11.07 During the performance of the Agreement, Consultant and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status and denial of family care leave. Consultant and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12290 et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Consultant shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11.08 Contractor's employees, agents and subcontractors shall adhere to, and comply with, the California Drug Free Workplace Act at Government Code, Sections 8350 through 8357.

11.09 This contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Contract. The

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**SANTA ANA WATERSHED PROJECT AUTHORITY
TASK ORDER NO. W&C320-01**

CONSULTANT: Woodard & Curran
801 T Street
Sacramento, CA 95811

VENDOR NO.: 1980

COST: \$392,356.00

PAYMENT: Upon Receipt of Proper Invoice

REQUESTED BY: Daniel Vasquez, Manager of Operations

February 7, 2023

FINANCE: _____
Karen Williams, Deputy GM/CFO Date

FINANCING SOURCE: Acct. Coding: 320-03-6210-01
Acct. Description: Engineering – General

COMMISSION AUTHORIZATION REQUIRED FOR THIS TASK ORDER: YES (X) NO ()
Authorization: February 7, 2023; PA24#2023.2

This Task Order is issued upon approval and acceptance by the Santa Ana Watershed Project Authority (SAWPA) and Woodard & Curran (Consultant) pursuant to the General Services Agreement between SAWPA and Consultant, entered into on February 7, 2023, expiring December 31, 2026.

I. PROJECT NAME OR DESCRIPTION

Reach IV and IV-B DIP Condition Assessment

II. SCOPE OF WORK / TASKS TO BE PERFORMED

Consultant shall provide all labor, materials, and equipment for the services of Reach IV and IV-B DIP Condition Assessment per the tasks listed within the scope of work and fee proposal.

III. PERFORMANCE TIME FRAME

Consultant shall begin work February 9, 2023, and shall complete performance of such services by **November 22, 2023**.

IV. SAWPA LIAISON

Daniel Vasquez shall serve as liaison between SAWPA and Consultant.

V. COMPENSATION

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$392,356.00**. Payment for such services shall be made monthly upon receipt of timely and proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to SAWPA by Consultant within 15 days after the end of the month in which the services were performed.

Santa Ana Watershed Project Authority
Reach IV and IV-B Section Condition Assessments
1/27/23

Scope of Work:

Task 1: Project Management

Woodard & Curran shall manage all tasks in a cost effective, timely, and professional manner, including, but not limited to, overseeing subconsultant efforts; attending both face-to-face and conference call meetings with SAWPA staff to solicit input and confirm approach and criteria; providing monthly project status reports and invoices of appropriate detail; participating in bi-weekly conference calls (Teams meetings) to discuss project status; and participating in three (3) workshops with SAWPA staff to present the draft Field Inspection Plan, prior to Implementation of the Field Inspection Plan and upon submittal of the draft report; and participate in two (2) Project Agreement 24 Committee Meetings to present the findings and the draft report.

Assumptions:

- Woodard & Curran will attend the Kick-Off Meeting virtually. It is assumed that this meeting will be 2 hours long.
- Woodard & Curran will attend the Draft Field Inspection Plan Review Meeting virtually. It is assumed that this meeting will be 2 hours long.
- Woodard & Curran will prepare for and participate in bi-weekly coordination conference calls for the duration of the project. It is assumed that each call will be ½ hour long and that 21 calls will be required.
- Woodard & Curran will attend up to two Project Agreement 24 Committee Meetings in person. It is assumed that the Committee meetings will be 2 hours long (each) not including travel time.
- V&A will perform a site visit to plan for the confined space entry and condition assessment work. The site visit will be attended by two V&A professionals for up to two (2) hours.
- Stakeholder coordination will be led by SAWPA and is assumed to include the following: dischargers, City of Chino, Green River Golf Course, Riverside County Flood Control, and Army Corps of Engineers. Coordination support from Woodard & Curran will be minimal and will include answering questions, preparing supporting materials and graphics and attending virtual meetings as necessary. This scope of work assumes that stakeholder coordination will be limited to an effort of 40 hours. Any additional time spent for coordination will be considered as extra work and is beyond the scope of the project. Permit acquisition is not included in this scope of services.
- Project management is based on a ten-month schedule. See preliminary project schedule.

Deliverables:

- PowerPoint presentations for workshops and Committee meetings.

- Kick-off and Draft FIP Review meetings materials, agenda, minutes, and action item list (electronic .pdf). Meeting materials, agenda, and action items will not be provided for bi-weekly coordination conference calls.
- Monthly invoices and progress reports (electronic .pdf).
- Stakeholder coordination support materials as necessary and requested.

Task 2: Project Preparation (Data Collection & Review)

Woodard & Curran will review pertinent records provided by SAWPA pertaining to Reach IV and the ductile iron pipe section of Reach IV-B for the Brine Line including associated record drawings, applicable GIS data, flow data, available CCTV, and applicable maintenance records.

Assumptions:

- SAWPA will provide necessary records and data in a digital format and a timely manner.

Deliverables:

- Log of data received as requested by SAWPA.

Task 3: Prepare Field Inspection Plan

Woodard & Curran will prepare a Field Inspection Plan (FIP), which shall include recommendations for the strategy and investigative measures to collect the necessary data to present a representative sample of the associated Brine Line system components. The plan will present the method to catalog the relevant sections of SAWPA's Brine Line infrastructure for identifying both the current conditions as well as components and sections which have the greatest risk for structural deficiencies. The FIP will describe the approach to perform the condition assessment including justification of the assessment technologies chosen and the reasoning for choosing said technologies against other available solutions. The FIP will include overall cost and schedule to implement the FIP.

The FIP will document health and safety requirements and protocols to be implemented during the field work. The FIP will include required safety precautions associated with the selected methodology/ies. The FIP will include a description of and plan for potential necessary environmental and encroachment permitting requirements and work restrictions.

The FIP will include a proposed schedule and logistical assignment of responsibility on behalf of Woodard & Curran, subconsultants, and the collaborative efforts of SAWPA.

The FIP will include a Bypass Plan which will include engineering exhibits for trenching and piping design and layouts, bypass restrictions and recommendations, and a Task Schedule.

The FIP will provide a plan to field verify the information received during Task 2: Project Preparation including where the ductile iron section of Reach IV-B begins and ends.

Woodard & Curran will submit the FIP for SAWPA review, participate in the Draft FIP Review Meeting with SAWPA, incorporate SAWPA comments, and submit a final FIP. Upon approval of the final FIP and schedule, Woodard & Curran will implement the Field Inspection Plan and provide field inspection data and reports to SAWPA.

Assumptions:

- Field Inspection Plan will be a short technical memorandum with mostly tables and figures and up to a maximum of eight pages.
- For the Bypass Plan, engineering exhibits will be prepared using aerial backgrounds available through Google Earth. Potholing to verify the presence and locations of underground utilities is not included. Marking for USA will be the responsibility of the bypass contractor. Traffic control will not be required for bypass.
- SAWPA will provide the following: (1) contractor for traffic control implementation during man-entry inspections, (2) act as the liaison between dischargers and Woodard & Curran (and subconsultants) for controlling flows, (3) CCTV and pipeline cleaning contractor, (4) contractor for bypass pumping and piping, and (5) obtain necessary encroachment permits from local governing bodies.
- Identification of environmental permitting requirements and work restrictions will be included in the FIP. Obtaining environmental permits is not included in the scope of work.

Deliverables:

- Draft Field Inspection Plan (electronic .pdf)
- Final Field Inspection Plan (electronic .pdf)

Task 4: Field Inspection Plan Implementation

Following review of and concurrence by SAWPA, Woodard & Curran will execute the Field Inspection Plan.

Woodard & Curran's subconsultant V&A will conduct physical inspections of the manholes and pipelines at three (3) locations for each reach, or a total of six (6) locations. Inspections will be conducted from the interior of the brine line and manholes. From the interior of each inspection manhole (as identified in the FIP), the pipe will be assessed within 5 feet of the transition from the pipe to the manhole. No external pipe/manhole inspections are included in this scope of work.

For Reach IV (42-inch to 48-inch RCP with 360-degree T-Lock PVC Liner), V&A will complete the following assessments:

- a. Visual Assessment: Visual observations of the concrete surfaces, metallic surfaces (if present), and lining. Observations will be documented with digital photographs and field

notes. Drawings will be prepared summarizing the defects. The condition of the structures will be rated using the VANDA Concrete Condition Index and VANDA Metal Condition Index.

- b. Removal of Liner: Assess the concrete behind the T-Lock liner, one near the crown of the pipe and at one other location chosen by the engineer based on observed condition of the liner. The concrete will be exposed by cutting three sides of a rectangle, pulling back the liner, assessing the concrete, placing the liner back into place, and sealing the cut edges using PVC weld strip and a hot air welding gun. The flow line (active flow in the pipe at the time of inspection) must be at least one foot below the location where the T-Lock liner will be cut.
- c. Concrete Sounding: Performed using a chipping hammer to strike concrete surfaces. The sound from the hammer strike can indicate shallow subsurface discontinuities and will be performed at three (3) locations per confined space entry point within the pipeline.
- d. Concrete Penetration Testing: Penetration measurements will be taken by applying a consistent level of force from a chipping hammer to remove loose material from the concrete surface, until solid, hard material is reached and then measuring the depth of the resulting cavity. Penetration testing will be performed at three (3) locations per confined space entry point within the pipeline.
- e. Concrete Surface pH Testing: Conduct in-situ pH measurements within each structure to determine the pH of the concrete. Measurements will be conducted at up to three (3) locations per confined space entry point within the pipeline or manhole.
- f. Surface Penetrating Radar (SPR): Conduct measurements of the depth of concrete cover, identify placement of reinforcing steel, and detect coarse voids and defects. Information will be used to evaluate concrete cover versus depth of H₂S attack to evaluate the risk of degradation of reinforcing steel. SPR scanning is typically conducted over a 3-foot by 3-foot area and can be performed over coated surfaces. One (1) SPR scan of this size will be performed per confined space entry point within the pipeline.

For Reach IV-B (36-inch DIP with Coal Tar Epoxy Lining), V&A will complete the following assessments:

- a. Visual Assessment: Visual observations of the metallic surfaces (if visible), linings, and coatings. The Observations will be documented with digital photographs and field notes. Drawings will be prepared summarizing the defects. The condition of the structures will be rated using the VANDA Concrete Condition Index and VANDA Metal Condition Index.
- b. Ultrasonic Thickness (UT) Testing: At accessible metallic surfaces, perform UT testing. UT testing allows for point measurements of metallic surfaces to determine the existing thickness of metallic surfaces. The field engineer will obtain pit depth measurements at locations exhibiting excessive corrosion and where the UT gauge may not produce a reading due to surface conditions. Up to six (6) measurements will be performed per confined space entry point within the pipe.
- c. Dry Film Thickness (DFT) Testing: For coated metallic surfaces, perform DFT measurements to determine the thickness of the coating protecting the metal. Up to six (6) DFT measurements will be taken from the interior of the pipe.

- d. Broadband Electromagnetic (BEM) Testing: Performed at up to three (3) locations – one per confined space entry into the pipe – to determine thickness of metallic surfaces without removing the coating. A contour map of the apparent structural wall thickness around the circumference will be provided for each 2.5-foot length scan location.

Assumptions:

- Budget assumes that physical inspections will occur from three (3) manhole locations on each reach.
- Results of BEM testing requires up to six weeks for evaluation.
- Man-entry inspections will be completed in six working days total. Each reach will require three working days for man-entry inspections. Man-entry inspections for each reach will likely be completed in one week.
- Assessment of the pipe and manholes will be limited to safely accessible areas and confined space entry.
- SAWPA will isolate, lock out/tag out (LOTO), shutdown/bypass, and dewater prior to V&A arriving on site for pipe and manhole inspections.
- Confined space entry support and repair of linings in areas where testing was conducted is included.
- CCTV inspection is not included. See Optional Task 6.
- Traffic control during man-entry inspections is not included. See Optional Task 7.
- Traffic control for bypass set-up and operation will not be required.
- Traffic control permits, encroachment permits, and any other notifications or permitting will be acquired by SAWPA
- Work does not include supplied air.
- Some or all tasks associated with field work on this project are subject to prevailing wage rate requirements. All project labor subject to prevailing wage requirements will incur a 25% mark-up on the associated labor fee. This mark-up covers the higher base hourly labor rates associated with prevailing wage rates, additional overtime requirements, and reporting requirements.

Deliverables:

- None: Findings from the FIP implementation will be presented in the report provided in Task 5.

Task 5: Draft and Final FIP Findings and Rehabilitation Recommendations Report

Woodard & Curran will prepare a draft and final report of the findings as a result of the FIP implementation, including recommendations for rehabilitation and/or replacement, as necessary. Woodard & Curran will submit the draft report to SAWPA for review. Upon receipt of comments and following the draft report review meeting (Task 1), W&C will incorporate SAWPA's comments and submit a final version to SAWPA for acceptance. The report will include:

- Background of the inspection type(s) and method(s) used.
- Rating system for discovered defects.
- Narrative of the types and characteristics of defects found.
- Recommendations for prioritization of maintenance activities and access expansion.
- Tabular list of pipe segments and associated system components reviewed as part of the inspection. List will include condition rating, defects, and other system attributes.
- Statistical analysis of corrosion level likelihood in pipeline areas that were unable to be captured by employed inspection methodology, including ratings. This analysis will consider normal flowrates, elevations and geometry, nearby corrosion levels and similar verified pipe segments.
- Recommendations for methods and prioritization of pipe and system component rehabilitation and/or replacement, as necessary. The report will include an evaluation of methods to repair and protect the remaining structural integrity of the relevant sections of pipeline to extend its useful life. The evaluation will include durability of repair, construction methods, work area requirements, magnitude of costs, implementation hurdles, potential regulatory requirements, potential permitting requirements, and a comparison of the methods evaluated.

Assumptions:

- Up to three (3) rehabilitation or replacement alternatives will be evaluated.
- Coupon corrosion testing will not be completed.

Deliverables:

- Draft FIP Findings and Rehabilitation Recommendations Report (5 hard copies and electronic .pdf)
- Final FIP Findings and Rehabilitation Recommendations Report (5 hard copies and electronic .pdf)

Task 6: CCTV Coordination

Woodard & Curran and Woodard & Curran’s subconsultant, V&A, will work with SAWPA and SAWPA’s CCTV subcontractor both prior to and during CCTV field investigations. Upfront coordination efforts will include determining CCTV inspection locations, assisting SAWPA in negotiating flow suppression through SAWPA’s discharges, and scheduling. Coordination efforts during CCTV field investigations will include on-site field coordination by V&A during inspections and includes 28 hours of field oversight from V&A for Reach IV and 20 hours of field oversight from V&A for Reach IV-B (including travel time). Any additional field oversight time is outside this scope of work.

Assumptions:

- CCTV will be performed in live flow.
- SAWPA will work with dischargers to lower flows as much as possible for CCTV work.

- SAWPA will work with stakeholders to acquire permission for access to the pipeline for CCTV work.
- SAWPA will clean the pipes prior to CCTV work.
- Traffic control implementation for CCTV inspection will be provided by SAWPA and is not included in this task.
- Traffic control plans for CCTV inspection will be provided by SAWPA.
- Weekday, night work is assumed for CCTV inspection.
- Siphons will not be inspected by SAWPA's CCTV subconsultant as part of this work.
- Pipeline will be coded using PACP coding system.

Deliverables:

- None. CCTV data review and assessment is included as part of Task 5.

Task 7: Traffic Control Implementation

Woodard & Curran's subconsultant, V&A, will subcontract with a traffic control company to implement traffic control measures during man-entry inspections as required. This task only includes traffic control implementation directly related to the six manholes where man-entry condition assessment field testing is being performed.

Assumptions:

- Does not include traffic control plans development (included in Task 4)
- Bypass will not require traffic control
- Does not include implementation of traffic control for CCTV work (provided by SAWPA).



**Santa Ana Watershed Project Authority
Reach IV and IV-B Section Condition Assessments**

Tasks	Labor						Total Hours	Total Labor Costs (1)	V&A	Outside Services		ODCs		Total Fee
	Scott Goldman	Jennifer Glynn	Justin Kraetsch	Madison Veggian	Glenn Hermanson	Project Team Support				Subtotal	Sub Consultant Total Cost (2)	ODCs	Total ODCs (3)	
	Principal-in-Charge	Project Manager	Technical Manager	Project Engineer	QA/QC Review	Admin.								
	SCM	STL	PE2	PM1	STPL									
	\$345	\$295	\$275	\$285	\$345	\$125								
Task 1: Project Management														
1.1 Project Management and Invoicing (10 months)		30		20		11	61	\$15,925	\$18,195	\$18,195	\$20,015		\$0	\$35,940
1.2 Stakeholder Coordination		8		32			40	\$11,480		\$0	\$0		\$0	\$11,480
1.3 Kick-Off Meeting	2	2	2	3			9	\$2,685		\$0	\$0		\$0	\$2,685
1.4 Bi-Weekly Coordination Conference Calls (21)	2	11	5	11			29	\$8,445		\$0	\$0		\$0	\$8,445
1.5 Draft FIP Review Meeting	2	2	2	3			9	\$2,685		\$0	\$0		\$0	\$2,685
1.6 Draft FIP Findings and Rehab Recommendations Report Review Meeting	2	2		3			7	\$2,135		\$0	\$0		\$0	\$2,135
1.7 Project Agreement 24 Committee Meetings (2)	8	16					24	\$7,480		\$0	\$0	\$800	\$880	\$8,360
1.8 QC Review (STAR Workshop)	2	2	2	4	2		12	\$3,660		\$0	\$0		\$0	\$3,660
Subtotal Task 1:	18	73	11	76	2	11	191	\$54,495	\$18,195	\$18,195	\$20,015	\$800	\$880	\$75,390
Task 2: Project Preparation (Data Collection & Review)														
2.1 Project Preparation (Data Collection & Review)		4	4	12		0	20	\$5,700	\$5,132	\$5,132	\$5,645		\$0	\$11,345
Subtotal Task 2:	0	4	4	12	0	0	20	\$5,700	\$5,132	\$5,132	\$5,645	\$0	\$0	\$11,345
Task 3: Prepare Field Investigation Plan														
3.1 Draft Field Investigation Plan		4	12	24	6		46	\$13,390	\$18,832	\$18,832	\$20,715		\$0	\$34,105
3.2 Final Field Investigation Plan		2	6	12			20	\$5,660	\$5,000	\$5,000	\$5,500		\$0	\$11,160
Subtotal Task 3:	0	6	18	36	6	0	66	\$19,050	\$23,832	\$23,832	\$26,215	\$0	\$0	\$45,265
Task 4: Field Investigation Plan Implementation														
4.1 Field Investigation		8	40	24		0	72	\$20,200	\$122,956	\$122,956	\$135,252	\$300	\$330	\$155,782
Subtotal Task 4:	0	8	40	24	0	0	72	\$20,200	\$122,956	\$122,956	\$135,252	\$300	\$330	\$155,782
Task 5: Draft and Final FIP Findings and Rehabilitation Recommendations Report														
5.1 Draft FIP Findings and Rehabilitation Recommendations Report		24	4	60	8		96	\$28,040	\$23,224	\$23,224	\$25,546	\$300	\$330	\$53,916
5.2 Final FIP Findings and Rehabilitation Recommendations Report		8	2	20			30	\$8,610	\$5,000	\$5,000	\$5,500	\$300	\$330	\$14,440
Subtotal Task 5:	0	32	6	80	8	0	126	\$36,650	\$28,224	\$28,224	\$31,046	\$600	\$660	\$68,356
Task 6: CCTV Coordination														
6.1 CCTV Coordination		8	8	16		0	32	\$9,120	\$14,316	\$14,316	\$15,748	\$300	\$330	\$25,198
Subtotal Task 6:	0	8	8	16	0	0	32	\$9,120	\$14,316	\$14,316	\$15,748	\$300	\$330	\$25,198
Task 7: Implementation of Traffic Control (At Man-Entry Field Test Sites Only)														
7.1 Implementation of Traffic Control (At Man-Entry Field Test Sites Only)		0	0	0	0	0	0	\$0	\$9,718	\$9,718	\$10,690	\$300	\$330	\$11,020
Subtotal Task 7:	0	0	0	0	0	0	0	\$0	\$9,718	\$9,718	\$10,690	\$300	\$330	\$11,020
TOTAL	18	131	87	244	16	11	507	\$145,215	\$222,373	\$222,373	\$244,611	\$2,300	\$2,530	\$392,356

- The individual hourly rates include salary, overhead and profit.
- Subconsultants will be billed at actual cost plus 10%.
- Other direct costs (ODCs) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at actual cost plus 10%.
- W&C reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.
- Additional Woodard & Curran staff may perform work on the project, based on our standard billing rate schedule then in effect.

PA 24 COMMITTEE MEMORANDUM NO. 2023.3

DATE: February 7, 2023

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Inland Empire Brine Line Reserve Funds Transfer

PREPARED BY: Karen Williams, Deputy General Manager/Chief Financial Officer

RECOMMENDATION

That the Project Agreement 24 Committee:

1. Transfer \$5,525,046 from the eliminated reserves to the Pipeline Replacement and Capital Investment Reserve (R-07).
2. Receive and file Reserve Review.

DISCUSSION

SAWPA's Reserve Policy was established to ensure that sufficient funding is available for current operating, capital, and debt service needs. The Reserve Policy describes how and why specific reserves are established and maintained to provide SAWPA's member agencies with assurance that reserve balances will be maintained at prudent and fiscally responsible levels. SAWPA currently maintains nine (9) distinct reserves that pertain to the Brine Line. The nine (9) reserves are as follows:

- Self-Insurance
- Debt Retirement
- Pipeline Replacement
- OC San Rehabilitation
- Capacity Management
- OC San Future Capacity
- Rate Stabilization
- Flow Imbalance
- Brine Line Operating

In November 2021, the PA 24 Committee approved a contract with Raftelis to perform a review of the Inland Empire Brine Line Reserve Policy. The work includes a review of the reserve policies and recommendations for changes to reserve targets, setting minimum and maximum levels, combining reserves as needed, review of the capacity lease rate and preparation of a memorandum to include the necessary documentation and recommended changes to the Reserve Policy.

Raftelis and SAWPA staff worked with the member agency CFO's through several workshops to review the data and documentation and refine the preliminary findings to present to the GM's and PA 24 for discussion and approval. The draft memorandum and draft updated Reserve Policy were presented to the GM's at their October 11, 2022 meeting. Overall, the GM's were supportive of the work performed by Raftelis, Member Agency CFOs, and SAWPA staff and recommended the draft memorandum and Reserve Policy be presented to PA 24.

On November 1, 2022, the PA24 Committee approved the following:

1. Receive the Draft Brine Line Reserves and Capacity Lease Memorandum and direct staff to finalize the report,
2. Approve the updated SAWPA Reserve Policy contingent on approval of the Reserve Policy by the SAWPA Commission, and
3. Approve the transfer of the balance of the Self-Insurance Reserve, Rate Stabilization Reserve and the Flow Imbalance Reserve to the Pipeline Replacement and Capital Investment Reserve, upon approval of the Reserve Policy by the SAWPA Commission.

On December 20, 2022, the updated SAWPA Reserve Policy was approved by the Commission. With the Commission’s approval of the Reserve Policy the Self-Insurance Reserve, Rate Stabilization Reserve, and the Flow Imbalance Reserves were eliminated and those funds need to be transferred to the Pipeline Replacement and Capital Investment Reserve. The table below shows the amounts that will be transferred.

Reserve Fund	Reserve No.	Reserve Balance	Transfer Amount	Balance at 01/31/2023
Rate Stabilization	R-03	\$1,042,957	(\$1,042,957)	\$0
Flow Imbalance	R-08	\$85,435	(\$85,435)	\$0
Self-Insurance	R-09	\$4,396,654	(\$4,396,654)	\$0
Pipeline Replacement and Capital Investment	R-07	\$23,662,622	\$5,525,046	\$29,187,668

The table below shows the reserve balances as of January 31, 2023, after the elimination of the three reserves and transfer to R-07 Pipeline Replacement and Capital Investment, the reserve minimum and target level, and the amount the reserve is over or under the target level. Reserves R-01, R-02, R-04 and R-05 are over the target level while R-06 and R-07 are under the target level.

As per the approved Reserve Policy, funding above the target level in the reserve will be discussed and approved with the PA24 and the Commission annually and during the biennial budget adoption process. For those reserves under the target level, staff will involve member agencies in reviewing the timing for each reserve to achieve its target. Staff will bring the evaluation of reserves above the targets and approach to meeting reserve below the targets in July 2023, after the new budget is adopted.

Reserve Fund	No.	Balance @ 01/31/2023	Minimum Balance	Target	Amount Over/(Under) Target	Comments
Brine Line Operating	R-01	\$2,288,209	\$2,273,388	\$2,273,388	\$14,821	Interest through 12/31/2022
Debt Retirement	R-02	\$2,858,445	\$1,709,476	\$1,709,476	\$1,148,969	1.5x annual debt plus interest through 12/31/2022
Pipeline Capacity Management	R-04	\$12,156,407	\$3,894,181	\$9,735,454	\$2,420,953	Funds from pipeline capacity sales plus interest
OC San Future Treatment and Disposal Capacity	R-05	\$1,861,185	\$1,842,396	\$1,842,396	\$18,789	Target set at 06/30/2022 balance. Interest through 12/31/2022
OC San Pipeline Rehabilitation	R-06	\$2,414,028	\$2,425,147	\$7,250,000	(\$4,835,972)	Consider contributions in FYE 2024 and 2025
Pipeline Replacement and Capital Investment	R-07	\$29,187,668	\$16,594,000	\$40,640,000	(\$11,452,332)	Consider contributions in FYE 2024 and 2025
Totals		\$50,765,942	\$28,738,590	\$63,450,714	(\$12,684,772)	

RESOURCE IMPACTS

There are no resource impacts at this time.

Attachments:

1. Approved Updated SAWPA Reserve Policy
2. Presentation

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SANTA ANA WATERSHED PROJECT AUTHORITY

RESERVE POLICY

POLICY STATEMENT

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. The Santa Ana Watershed Project Authority (“SAWPA”) desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs of the agency where reserve funds are required and/or necessary. The SAWPA Commission and the Project Agreement 24 Committee (PA 24) realizes the importance of reserves in providing reliable service to its member agencies, financing long-term capital projects, and the funding of emergencies, should they arise. In this context, SAWPA will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Funds will be accumulated and maintained to allow SAWPA to fund expenditures in a manner consistent with SAWPA’s long range financial plan and the Capital Improvement Plan (“CIP”), and avoid significant rate fluctuations due to changes in cash flow requirements.

The Commission and PA 24 may designate specific reserve accounts and maintain minimum reserve balances consistent with statutory obligations that it has determined to be in the best interest of SAWPA. The Policy directives outlined in this document are intended to ensure SAWPA has sufficient funds to meet current and future needs. The Commission and PA 24 will annually review the level of reserve funding. Considerations to continue or the establishment of a new reserve will be determined based on the following criteria:

- ◆ Reason for the reserve.
- ◆ Availability and source of funds to continue, replenish or establish the reserve.
- ◆ Operating expenditure levels approved within the biennial budget process.
- ◆ Future capital expenditure and debt service requirements of the agency.
- ◆ Commission and PA 24 approval of the reserve policy.

SAWPA recognizes the importance of operating an agency or company with a sound business plan in place that provides for unanticipated/emergency costs should they arise within a budgeted fiscal year. In keeping SAWPA’s member agencies’ best interest in mind, these costs would be set aside to avoid, once a biennial budget has been approved, a request for additional funding from member agencies within a fiscal year.

It is staff’s intent through this policy to describe how and why specific reserves are established and maintained at SAWPA and to provide SAWPA’s member agencies with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

DEFINITIONS

This policy describes the reserves to be maintained in connection with: i) the Inland Empire Brine Line (Brine Line) and ii) the General Fund. In general, there are two types of reserve fund classifications:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with SAWPA or outlined within the debt covenants of a debt financing.
- II. **UNRESTRICTED FUNDS:** These funds have no externally imposed use restrictions. The use of Unrestricted Funds is at the discretion of the SAWPA Commission and PA 24. Unrestricted Funds are designated for a specific purpose, which is determined by the Commission and PA 24. The Commission and PA 24 also have the authority to redirect the use of these funds as the needs of SAWPA change.

The restricted and unrestricted funds can further be subdivided into Capital Funds and Liquidity (Operating) Funds. The Capital Funds are designated for specific purposes and utilized primarily to fund capital and asset replacement costs. The Liquidity Funds are established to safeguard SAWPA's financial viability and stability and are funded from accumulated net revenues.

Further, for internal control purposes, SAWPA accumulates, maintains, and segregates its reserves into the following categories:

- ◆ *Restricted and Designated Reserves* – Reserves that are designated for a particular purpose and whose use is restricted to only that purpose. The Restricted and Designated Reserves consist of the Debt Retirement Reserve (R-02).
- ◆ *Board Designated Reserves* – Reserves earmarked for the purpose of funding items such as new capital facilities, repair or replacement of existing facilities, and general operating reserves designated for a specific purpose and use by the Commission and PA 24. The Board Designated Reserves are comprised of the following reserve accounts: Brine Line Operating Reserves (R-01), Debt Retirement Reserve (R-02), Pipeline Capacity Management Reserve (R-04), OC San Future Treatment and Disposal Capacity Reserve (R-05), OC San Pipeline Rehabilitation Reserve (R-06) Pipeline Replacement and Capital Investment Reserve (R-07), General Fund Operating Reserve (R-10), and General Fund Building Reserve (R-11).
- ◆ *Board Restricted (Obligated) Reserves* – Reserves set aside to meet financial commitments for services not yet fulfilled and purchases that will take place in the future. These reserves consist of the Capital Improvement Construction Reserve (R-12).
- ◆ *Contractually Restricted Reserves* – Funds held to satisfy limitations set by external requirements established by creditors, grant agencies or contributors, or law. Examples include stipulated bond covenants, capital improvement fees, and service deposits. These reserves consist of the Debt Retirement Reserve (R-02).

GENERAL PROVISIONS

SAWPA will maintain its operating and capital funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its member agencies. The fund balance minimum and target levels are intended to maintain SAWPA's fiscal strength and flexibility and adequately provide for:

- ◆ Compliance with applicable statutory requirements.
- ◆ Financing of future capital projects and repair and replacement of existing assets.
- ◆ Cash flow requirements.
- ◆ Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
- ◆ Contingencies or unforeseen operating or capital needs.

In the context of funding future capital projects and maintaining and replacing existing assets, in each instance, SAWPA will analyze the benefits and tradeoffs of utilizing pay-as-you-go (cash financed) and/or debt financing and determine the optimal funding strategy or combination of funding strategies. The analysis should consider SAWPA's current and projected operating and capital positions, as well as the impact of inflation, depreciation, the cost of service, and other factors on the operations of SAWPA and its Capital Improvement Plan (CIP).

Through a variety of policy documents and plans, including the Brine Line CIP, the long-range financial plan, and the Brine Line Financial Study and Rate Model, the Commission and PA 24 have set forth a number of long-term goals for SAWPA. A fundamental purpose of SAWPA's policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so.

SAWPA has established and will maintain the reserves outlined in the following sections. A principal tenet of SAWPA's Reserve Policy shall be the crediting of interest income to specific funds. Unless otherwise stated in this Reserve Policy, interest derived from reserve balances will be credited to the reserve account from which it was earned. Reserve balances will be reviewed by the Chief Financial Officer ("CFO") on a monthly basis, as well as biennially during the budget review process in order to determine how reserve balances compare with the budgeted projections and how they measure against the goals outlined in this Policy. The CFO will involve member agencies in reviewing SAWPA's long range financial plan during the biennial budget process to determine if the current annual funding amounts for each reserve, if applicable, should be raised, lowered, or maintained.

The minimum level established for each reserve represents the baseline financial condition that is acceptable to SAWPA from risk and long-range financial planning perspectives. The target level established represents the goal amount to be held in each reserve fund at any time. The maximum level funding for the reserves are these target levels. The target level may at times be above the target level due to the accumulation of funds to meet SAWPA's operating, capital and debt service obligations. Funding above the target level in the reserve will be discussed and approved with the Commission and PA24 annually and during the biennial budget adoption process. SAWPA will involve member agencies in reviewing the timing for each reserve to achieve its target. Maintaining reserve funding at appropriate levels is a prudent, ongoing

business process that consists of an iterative, dynamic assessment and application of various funding alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: rates, loans and grants, debt financing, investment of funds, and levels of capital expenditures.

The Commission or PA 24 shall approve any reallocation of funds or any transfers among reserve funding.

SPECIFIC PROVISIONS

SAWPA will maintain the following reserves at or above the respective minimum levels, with a goal of achieving the respective target levels (if applicable):

- 1.) Brine Line Operating Reserve (R-01): The Brine Line Operating Reserve is established to cover temporary cash flow deficiencies that occur as a result of timing differences between the receipt of operating revenue and expenditure requirements. The reserve is utilized as needed to pay outstanding Brine Line Enterprise expenditures prior to the receipt of anticipated operating revenues. The reserve is also intended to mitigate the effects of occasional shortfalls in revenue due to a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, poor regional economic conditions, and unplanned or unexpectedly large rate adjustments/increases. This reserve may also be utilized in the event that a meter error occurs and the discharger is over-billed.

Minimum Level – Funding shall at a minimum be equal to 90 days (i.e., 25%) of SAWPA’s Brine Line Enterprise total annual operating expenditures. If SAWPA elects to issue variable rate debt, the minimum required balance in this reserve might need to be higher.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay outstanding Brine Line Enterprise expenditures prior to the receipt of anticipated operating revenues, to mitigate the effects of occasional revenue shortfalls, and to refund dischargers in the event that a meter error occurs and the discharger is over-billed.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed and recalibrated through the normal biennial budget and annual rate-setting process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 2.) Debt Retirement Reserve (R-02) – This reserve was initially established with funds received from SAWPA’s member agencies for the purchase of pipeline capacity (30 MGD) in the Brine Line system to provide future funding on debt service payments for SRF loans

required to build the Brine Line system. Treasury-strips (“T-Strips”) were purchased with maturities to match annual principal and interest payments due on the long-term debt associated with the State loans. This reserve will be maintained and/or adjusted at levels set forth in future “bond covenants” or other debt obligation instruments as approved by PA 24.

Minimum Level – Funding shall at a minimum equal the amount stipulated in any formal loan agreements and/or bond covenants. Additionally, SAWPA shall meet or exceed all required debt service coverage ratios as stipulated in any formal loan agreements and/or bond covenants.

Target Level – Same as minimum level.

Additionally, SAWPA shall target a debt service coverage ratio equal to the higher of:

- ◆ 1.5 times the highest annual debt service; or
- ◆ The highest annual debt service times the sum of the minimum debt service coverage ratio plus 0.25

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay when due debt service payments on SAWPA’s obligations. The PA 24 shall take action to approve annual debt service obligations of the Agency as presented in the biennial budget. Any other use (debt obligations approved and entered into following adoption of the biennial budget) shall require prior PA 24 approval before the expense of funds from this reserve.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed by staff on a semi-annual basis (i.e., every interest and/or principal payment date) and as part of the biennial budget process.

3.) Pipeline Capacity Management Reserve (R-04) – This reserve was established to set aside 100% of the funding derived from pipeline capacity sales to provide funds for future pipeline capacity needs within the Brine Line. As the pipeline reaches capacity, other alternatives will be needed to ensure the ability to discharge and achieve salt balance within the Santa Ana Watershed. All of the funding derived from pipeline capacity sales will be deposited and maintained in this reserve.

Minimum Level – Funding shall at a minimum equal 25% of annual average CIP project costs associated with managing pipeline capacity. These projects may involve Brine Line flow concentration, flow reduction, or other alternative solutions to ensure sufficient capacity.

Target Level – The target funding level shall equal 2.5 times the minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve is to be utilized to cover costs required to manage capacity within the pipeline, including the cost to further concentrate Brine Line flows, reduction of flows to meet capacity needs, additional pipeline capacity, additional CIP, and other changes as appropriate.

Funding Source – Funding derived from pipeline capacity sales and through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed as part of the biennial budget process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 4.) OC San Future Treatment and Disposal Capacity Reserve (R-05) – This reserve is established to provide future funding as it becomes necessary for SAWPA to acquire (purchase) additional treatment and disposal capacity (minimum of 1 MGD increments) in the OC San treatment plant facility. As incremental treatment plant capacity is purchased by member agencies from SAWPA at an agreed upon rate set by SAWPA resolution, funds would be deposited into this reserve account which can then be used by SAWPA to purchase treatment and disposal capacity from OC San.

Reserve levels will depend on the rate of growth and capacity sales. As capacity purchases are made by member agencies, funds will be deposited in this reserve so that its balance will be sufficient to cover anticipated additional treatment and disposal capacity purchases as and when they come due. Capacity lease revenue may also be deposited in this reserve to provide funding for future purchases of treatment and disposal capacity from OC San required to serve Brine Line lessees.

Minimum Level – Funding shall at a minimum equal the sum of past reserve contributions from member agencies not yet spent by SAWPA to purchase additional treatment and disposal capacity from OC San.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve may only be utilized to purchase additional treatment capacity in the OC San plant as approved by PA 24. Any other use of this reserve shall not occur without prior authorization from PA 24.

Funding Source – Funding derived from treatment and disposal capacity sales, capacity lease revenues and Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed as part of the biennial budget process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 5.) OC San Pipeline Rehabilitation Reserve (R-06) – This reserve was established to fund SAWPA's share of capital costs associated with its proportionate share of capacity right

ownership in the Santa Ana Regional Interceptor (SARI) Line maintained by OC San. Since these costs are expected to vary significantly in timing and size, an approach has been developed to normalize these expenditures into equal annual payments. The objective is for SAWPA to make equal annual contributions (adjusted for inflation) into this interest earning reserve fund, and then make withdrawals from this fund when payments to OC San for the SARI Line come due. According to the Brine Line Financial Study, this approach will mitigate significant capital cost spikes for SAWPA.

Minimum Level – Funding shall at a minimum equal 2% of SAWPA’s estimated share of SARI Line asset value.

Target Level – The target funding level shall equal the higher of the following:

- ◆ The minimum level
- ◆ $[\% \text{ certainty of OC San's project costs}] \times [\text{SAWPA share in project}] \times [\% \text{ of project cost to be cash financed}]$

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay when due SAWPA’s share of OC San SARI Line capital costs.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed and recalibrated through the normal biennial budget and if OC San revises its SARI Line capital costs. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

6.) Pipeline Replacement and Capital Investment Reserve (R-07): This reserve was established to provide capital replacement funding as the Brine Line system’s infrastructure (pipe) deteriorates over its expected useful life. This reserve is also intended to provide cash on hand for planned capital projects and emergency repairs. Maintaining this reserve serves two major purposes: i) provides a means of tracking funds designated for capital investment (such as capital revenues, depreciation funding, grants, etc.) and ensuring that they are used for their intended purpose and facilitating compliance with any applicable requirements, and ii) provides protection against the risk of cost overruns related to its capital improvement program.

Minimum Level – Funding shall at a minimum equal the sum of the following three components:

- ◆ Resiliency Component: Asset value times the lowest non-zero percentage of high and very high probability of failure (PoF) and consequence of failure (CoF) per SAWPA’s most recent Brine Line Criticality Assessment
- ◆ CIP Component: Annual average cash financed project costs in the 10-year inflated CIP

- ◆ **Renewal & Replacement (R&R) Component:** The sum of the following formula calculated individually for each pipeline reach:

$$[10\% \text{ equity financing}] \times [\text{asset value}] \div [75\text{-year replacement period}] \times [\text{age of reach in years}]$$

Target Level – The target funding level shall equal the sum of the following three components:

- ◆ **Resiliency Component:** The minimum of:
 - 1) Asset value times half of the highest percentage of high and very high PoF and CoF per SAWPA’s most recent Brine Line Criticality Assessment
 - 2) \$5 million
- ◆ **CIP Component:** 2.5 times the annual average cash financed projects in the 10-year inflated CIP
- ◆ **Renewal & Replacement Component:** The sum of the following formula calculated individually for each pipeline reach:

$$[25\% \text{ equity financing}] \times [\text{asset value}] \div [75\text{-year replacement period}] \times [\text{age of reach in years}]$$

Events and Conditions Prompting the Use of the Reserve – Through the biennial budget process, staff shall recommend anticipated asset replacement projects. The PA 24 shall take action to approve recommended project appropriations from this reserve. This reserve shall be utilized to cover out of pocket insurance losses experienced by SAWPA. Any reimbursement received by SAWPA from the insurance company as a result of a submitted claim shall be deposited back into the reserve as replenishment for the loss. Should emergency replacement be necessary during any fiscal year, PA 24 ~~the~~ may take action to amend the budget and appropriate needed funds as required by such emergency. In addition, in certain circumstances SAWPA may elect to fund one-time operating expenditures related to specific projects through the use of this reserve rather than rate increases.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reserve balances and projected replacement projects will be reviewed by staff and PA 24 during the preparation and approval of the biennial budget and on an as-needed basis in the case of emergencies. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

7.) General Fund Operating Reserve (R-10) – Established to provide cash flow for unbudgeted and/or unexpected expenditures and to mitigate potential delays between the time when expenditures are incurred and the time when revenues are received. This reserve also holds accrued employee vacation and sick time funds owed to SAWPA employees.

Minimum Level – None.

Target Level – A prudent target level will be equal to 180 days of SAWPA’s General Fund total budgeted operating expenditures. This reserve will be funded only based on realized efficiencies in the General Fund resulting in actual year-end expenditures being under budget.

Events and Conditions Prompting the Use of the Reserve – This reserve is designated to maintain working capital for current operations and to meet routine cash flow needs. Upon Commission approval, this reserve may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenues and expenditures and extraordinary decreases in revenues and unexpected increases in expenditures. This reserve is also used to pay accrued employee vacation and sick time per the SAWPA Employee Manual.

Funding Source – Primary source of funding is from member agency contributions.

Periodic Review Dates for Balances – Reviewed during the preparation and approval of the biennial budget process. Funding above the target level in the reserve will be discussed with the Commission during the biennial budget adoption process.

8.) General Fund Building Reserve (R-11) - Established to provide for the accumulation of funds towards a building reserve set aside to cover major repair/maintenance work on SAWPA’s Headquarters Office unless directed otherwise by Commission action during the biennial budget process.

Minimum Level – Funding shall be at a minimum amount equal \$300,000 at all times.

Target Level – None.

Events and Conditions Prompting the Use of the Reserve – This reserve is designated to maintain a building repair and replacement reserve. Upon Commission approval, this reserve may be routinely utilized by staff for building-related purposes.

Funding Source – Primary source of funding is from member agency contributions.

Periodic Review Dates for Balances – Reviewed during the preparation and approval of the biennial budget process.

9.) Capital Improvement Construction Reserve (R-12) – This is a restricted reserve established to set aside 100% of the funding derived from the construction fund money proceeds of a bond issue required to support specific capital projects identified and approved by PA 24 in SAWPA’s CIP. The use of these proceeds is restricted by conditions set in the respective legal bond documents.

Minimum Level – None. The balance in this reserve will be determined based on the amount of construction fund moneys generated as part of the bond proceeds and the spend-down requirements for the particular CIP project being financed.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – The use of this reserve is for the sole purpose of paying for those capital expenditures identified within the SAWPA Commission approved CIP Program budget. Specific construction fund proceeds will be spent on applicable projects. The reserve will be depleted as the approved capital projects are completed. In the event that SAWPA has more than one bond issue outstanding, separate sub-funds will be created within this reserve with bond proceeds from each debt issue deposited in that issue’s respective sub-account. Sub-accounts will be kept segregated at all times.

Funding Source – Proceeds from bond issuance. Funding may also be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed by staff on semi-annual basis whenever SAWPA has issued bonds and this reserve has a balance.

INVESTMENT GUIDELINES

It has been SAWPA’s practice to rely primarily on a pay-as-you-go (pay-go) strategy and some use of SRF loans to fund capital improvements and replacement of existing assets. Maintaining a balance between debt and pay-go sources may provide an added benefit to SAWPA in terms of allowing for a more optimal investment strategy. In the context of these policies and in circumstances where such balance is present, the investment portfolio can be separated into short and long portfolios to maximize investment returns. The balance in the Liquidity (Operating) Funds should be kept in short-term investments. Moneys in the Capital Funds, however, may be invested for a longer horizon as the funds are needed in the later years.

DELEGATION OF AUTHORITY

The Commission and PA 24 have sole authority to amend or revise this Reserve Policy. Through approval of this Policy, the Commission and PA 24 have established written procedures and guidelines for staff to follow in the management of SAWPA’s Reserves.



Inland Empire Brine Line Reserve Funds

Karen Williams, Deputy General Manager/ Chief Financial Officer
Project Agreement 24 Committee
February 7, 2023

Brine Line Reserve Policy

Recommendation on November 1, 2022:

That the Project Agreement 24 Committee:

1. Receive the Draft Brine Line Reserves and Capacity Lease Memorandum and direct staff to finalize the report.
2. Approve the updated SAWPA Reserve Policy contingent on approval of the Reserve Policy by the SAWPA Commission
3. Approve the transfer of the balance of the Self-Insurance Reserve, Rate Stabilization Reserve and the Flow Imbalance Reserve to the Pipeline Replacement and Capital Investment Reserve (formerly the Pipeline Replacement Reserve), upon approval of the Reserve Policy by the SAWPA Commission.

Summary of Recommendations (1 of 2)

Draft Brine Line Reserve Memorandum

- Maintain 6 reserves, rename 4 to provide greater clarity, and add ID numbers
 - Brine Line Operating (R-01)
 - Debt Retirement (R-02)
 - Pipeline Capacity Management (R-04), formerly Capacity Management
 - OC San Future Treatment and Disposal Capacity (R-05), formerly OCSD Future Capacity
 - OC San Pipeline Rehabilitation (R-06), formerly OCSD Rehabilitation
 - Pipeline Replacement and Capital Investment (R-07), formerly Pipeline Replacement
- Establish minimum and target levels for each reserve
 - Establish methodology

Summary of Recommendations (2 of 2)

Draft Brine Line Reserve Memorandum

- Eliminate 3 reserves that were either duplicative or low-risk and can be covered by other reserves
 - Rate Stabilization (R-03)
 - Flow Imbalance (R-08)
 - Self-Insurance (R-09)
- Combine the functions of the 3 eliminated reserves with other reserves and transfer the reserve funds to Pipeline Replacement and Capital Investment Reserve (R-07)
- Capacity lease calculation is typical and appropriate
 - Carry cost (interest rate) is recommended as a % annual depreciation plus the average cost of existing debt (6.4% for 2022)

Results and recommendations

Fund	Eliminate/ Retain	January 31, 2023 Ending Balance	Minimum	Target
R-01 Brine Line Operating	Retain	\$2,288,209	\$2,273,388	\$2,273,388
R-02 Debt Retirement	Retain	\$2,858,445	\$1,709,476	\$1,709,476
R-03 Rate Stabilization	Eliminate & Transfer to R-07	\$1,042,957	--	--
R-04 Pipeline Capacity Management	Retain	\$12,156,407	\$3,894,181	\$9,735,454
R-05 OC San Future Treatment and Disposal Capacity	Retain	\$1,861,185	\$1,842,396	\$1,842,396
R-06 OC San Pipeline Rehabilitation	Retain	\$2,414,028	\$2,425,147	\$7,250,000
R-07 Pipeline Replacement and Capital Investment	Retain	\$23,662,622	\$16,594,000	\$40,640,000
Resiliency Component			\$2,338,000	\$5,000,000
CIP Component			\$3,013,000	\$7,531,000
R&R Component			\$11,243,000	\$28,109,000
R-08 Flow Imbalance	Eliminate & transfer to R- 07	\$85,435	--	--
R-09 Self-Insurance	Eliminate & transfer to R- 07	\$4,396,654	--	--
Total - Unrestricted		\$49,056,466	\$27,029,113	\$61,741,236
Total – Restricted		\$1,709,476	\$1,709,477	\$1,709,478 ⁸³
Total		\$50,765,942	\$28,738,590	\$63,450,714

Elimination and Transfer of Funds

- Eliminate
 - R-03 Rate Stabilization - \$1,042,957
 - R-08 Flow Imbalance - \$85,435
 - R-09 Self-Insurance - \$4,396,654
- Transfer
 - R-07 Pipeline Replacement and Capital Investment - \$5,525,046

Elimination and Transfer of Funds

Reserve Fund	Reserve Balance	Transfer Amount	Balance @ 01/31/2023
R-03 Rate Stabilization	\$1,042,957	(\$1,042,957)	\$0
R-08 Flow Imbalance	\$85,435	(\$85,435)	\$0
R-09 Self-Insurance	\$4,396,654	(\$4,396,654)	\$0
R-07 Pipeline Replacement and Capital Investment	\$23,662,622	\$5,525,046	\$29,187,668

Results of Elimination and Transfer

Fund	01/31/2023 Ending Balance	Minimum	Target	Over or Under Target	Amount Over or (Under) Target	Comment
R-01 Brine Line Operating	\$2,288,209	\$2,273,388	\$2,273,388	Over	\$14,821	Interest through 12/31/2022
R-02 Debt Retirement	\$2,858,445	\$1,709,476	\$1,709,476	Over	\$1,148,969	Interest through 12/31/2022
R-04 Pipeline Capacity Management	\$12,156,407	\$3,894,181	\$9,735,454	Over	\$2,420,953	Funds from pipeline capacity sales
R-05 OC San Future Treatment and Disposal Capacity	\$1,861,185	\$1,842,396	\$1,842,396	Over	\$18,789	Target set at 06/30/22 balance Interest through 12/31/2022
R-06 OC San Pipeline Rehabilitation	\$2,414,028	\$2,425,147	\$7,250,000	Under	(\$4,835,972)	Budget for contributions?
R-07 Pipeline Replacement and Capital Investment	\$29,187,668	\$16,594,000	\$40,640,000	Under	(\$11,452,332)	Budget for contributions?
Resiliency Component		\$2,338,000	\$5,000,000	--	--	--
CIP Component		\$3,013,000	\$7,531,000	--	--	--
R&R Component		\$11,243,000	\$28,109,000	--	--	--
Total - Unrestricted	\$49,056,466	\$27,029,113	\$61,741,236	--	--	--
Total – Restricted	\$1,709,476	\$1,709,477	\$1,709,478	--	--	--
Total	\$50,765,942	\$28,738,590	\$63,450,714	--	--	-- 86

Recommendation:

That the Project Agreement 24 Committee:

- Transfer \$5,525,046 from the eliminated reserves to the Pipeline Replacement and Capital Investment Reserve (R-07).
- Receive and file Reserve Review.


Questions?

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
September 2022**

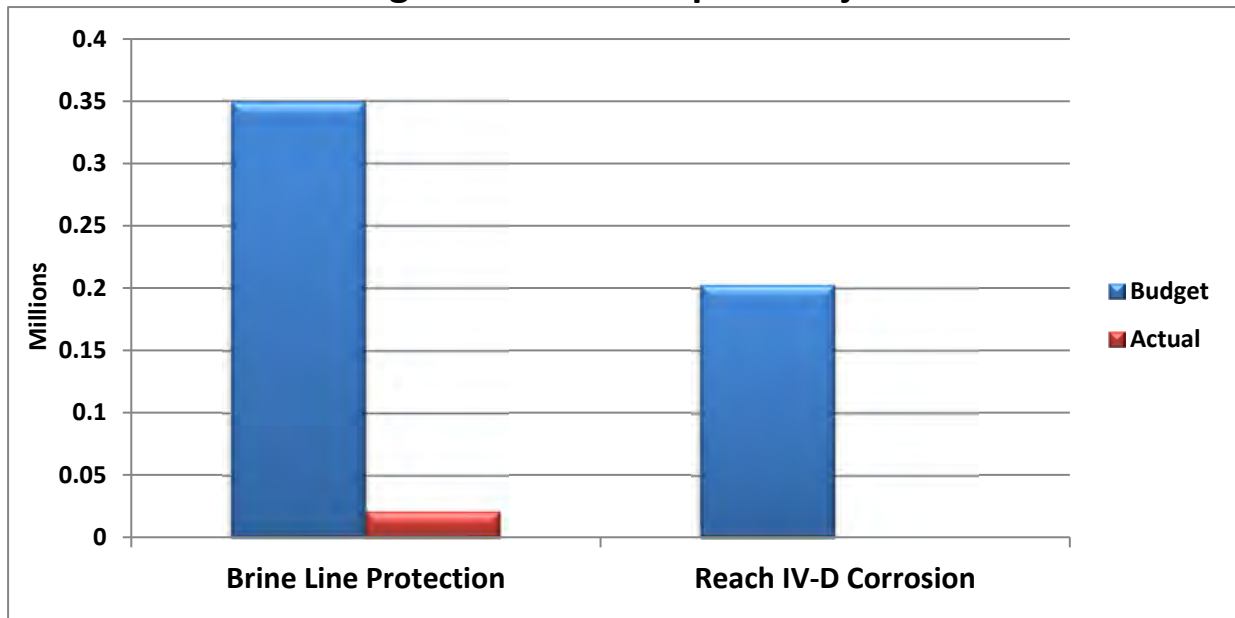
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through September 2022 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects				 Concern
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$1,397,185	\$349,296	\$21,244	\$328,051
Reach IV-D Corrosion	810,746	202,687	-	202,687
Total Capital Costs	\$2,207,931	\$551,982	\$21,244	\$530,738

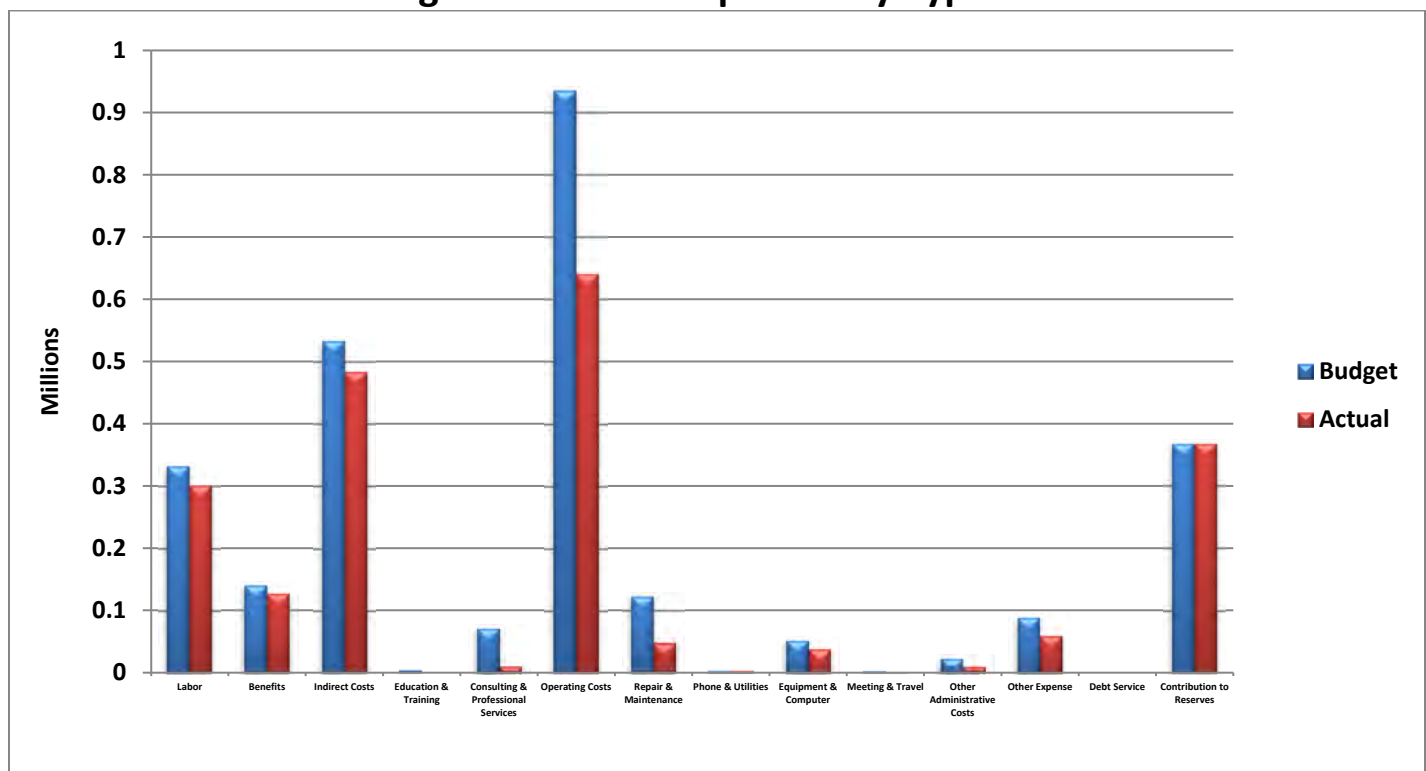
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,326,650	\$331,663	\$300,539	\$31,124
Benefits	556,753	139,188	126,226	12,962
Indirect Costs	2,133,400	533,350	483,267	50,083
Education & Training	14,500	3,625	-	3,625
Consulting & Prof Svcs	285,000	71,250	11,129	60,121
Operating Costs	3,739,650	934,913	640,570	294,343
Repair & Maintenance	490,000	122,500	48,690	73,810
Phone & Utilities	11,500	2,875	3,145	(270)
Equip & Computers	206,500	51,625	37,743	13,882
Meeting & Travel	10,000	2,500	1,356	1,144
Other Admin Costs	90,900	22,725	10,178	12,547
Other Expense	355,000	88,750	59,704	29,046
Debt Service	1,709,476	-	-	-
Contribution to Reserves	1,467,543	366,886	366,886	-
Total	\$12,396,872	\$2,671,850	\$2,089,433	\$582,417

Budget to Actual - Expenses by Type



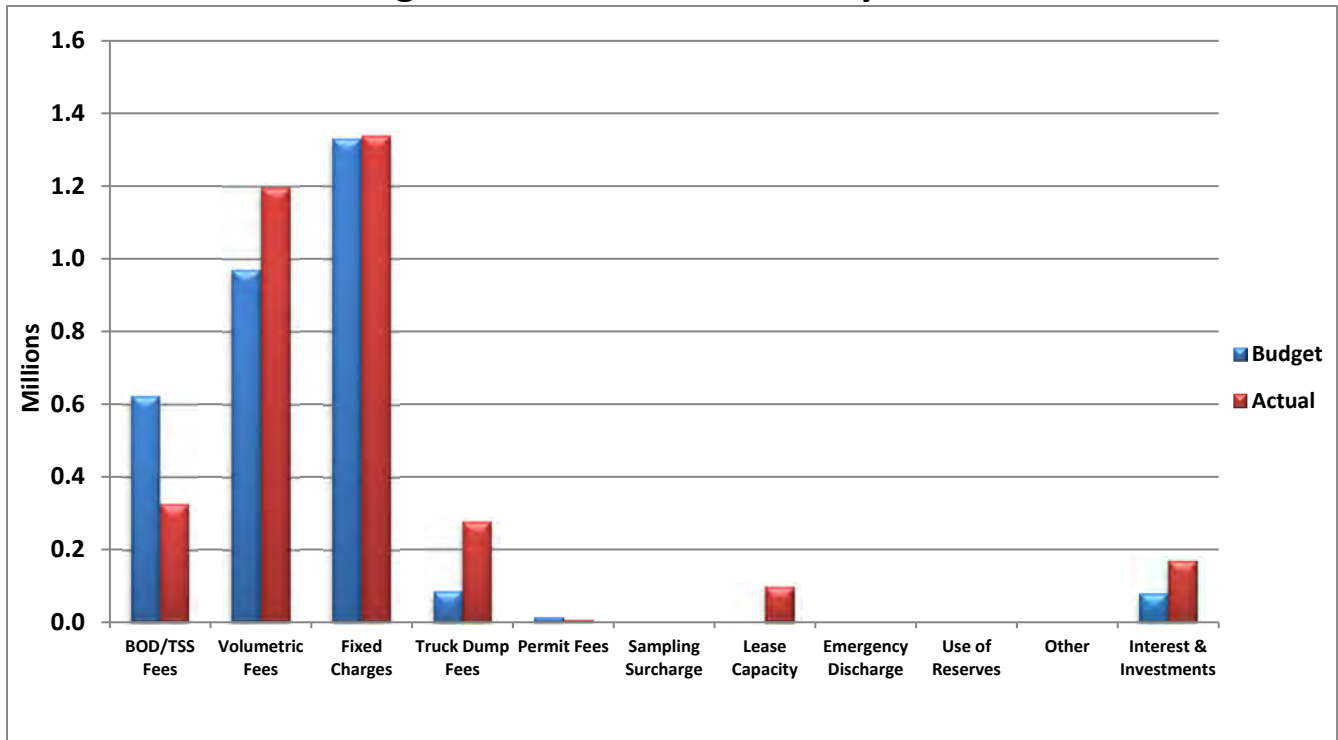
Budget to Actual - Revenues by Source



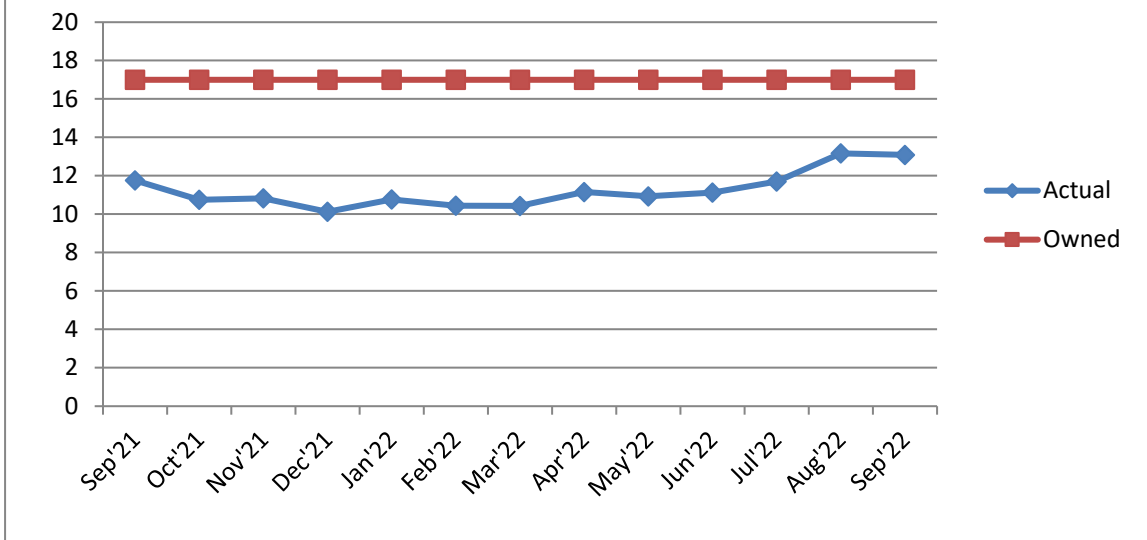
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,492,400	\$623,100	\$325,550	(\$297,550)
Volumetric Fees	3,881,300	970,325	1,195,975	225,650
Fixed Charges	5,323,422	1,330,856	1,338,958	8,102
Truck Dump Fees	346,500	86,625	275,459	188,834
Permit Fees	28,250	13,700	6,850	(6,850)
Sampling Surcharge	-	-	-	-
Lease Capacity Revenue	-	-	97,866	97,866
Emergency Discharge Fees	-	-	-	-
Use of Reserves	-	-	-	-
Other Revenue	-	-	134	134
Interest & Investments	325,000	81,250	169,766	88,516
Total	\$12,396,872	\$3,105,856	\$3,410,558	\$304,702

Budget to Actual - Revenues by Source



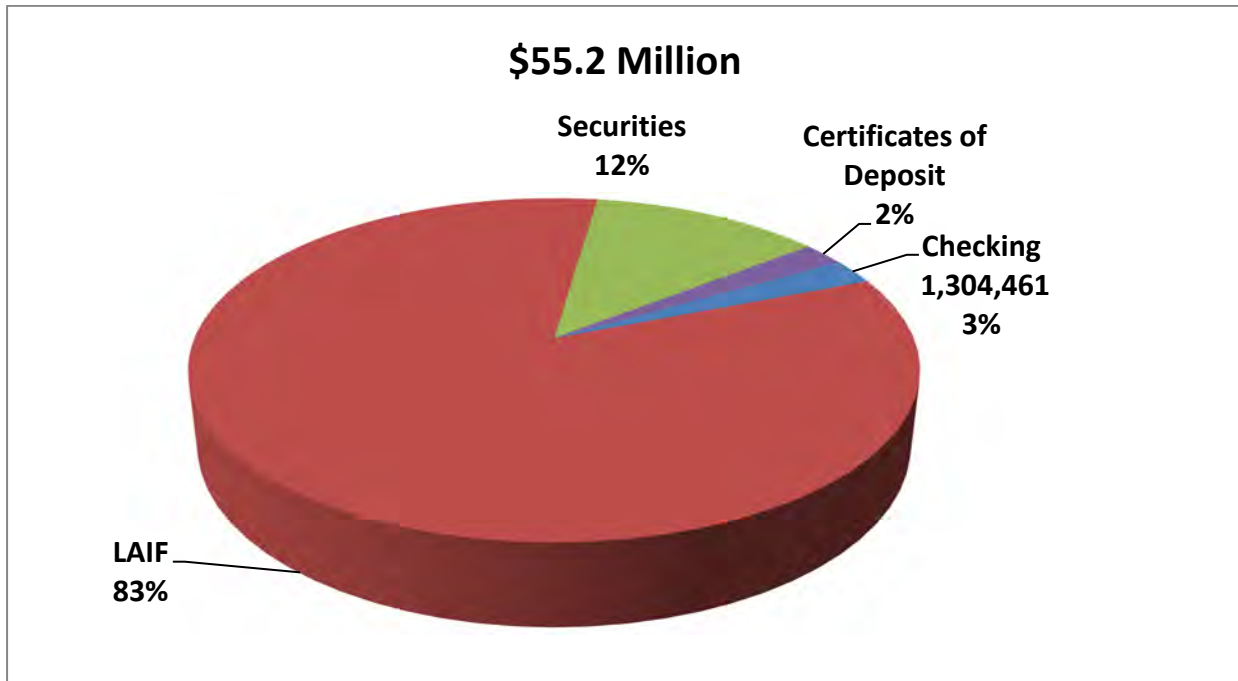
Average Daily Flow by Month



Total Discharge by Agency (in million gallons)

Discharger	Jul '22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Total
Chino Desalter Authority	111.8155	102.6702	100.1597				314.6454
Eastern Municipal Water District	81.6087	109.4320	113.3346				304.3753
Inland Empire Utilities Agency	13.9156	14.2653	13.1931				41.3740
San Bernardino Valley MWD	31.2026	30.7288	30.6280				92.5594
Western Municipal Water District	131.3138	134.1083	117.7155				383.1376
Truck Discharge	4.4561	3.9106	4.4300				12.7967
Total	374.3123	395.1152	379.4609				1,148.8884





Total Cash & Investments



Reserve Fund Balance

	Amount
Self Insurance	\$4,361,363
Debt Retirement	2,835,501
Pipeline Replacement	23,141,929
OC San Rehabilitation	2,394,650
Capacity Management	12,058,828
Future Capacity	1,846,246
Rate Stabilization	1,034,585
Flow Imbalance	84,749
Brine Line Operating	7,393,129
Total Reserves	\$55,150,980

Legend

		<u>Compared to Budget</u>
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.


Capital Projects are 96.2% below budget. It is expected that the projects will be on budget by the end of the year.

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
October 2022**

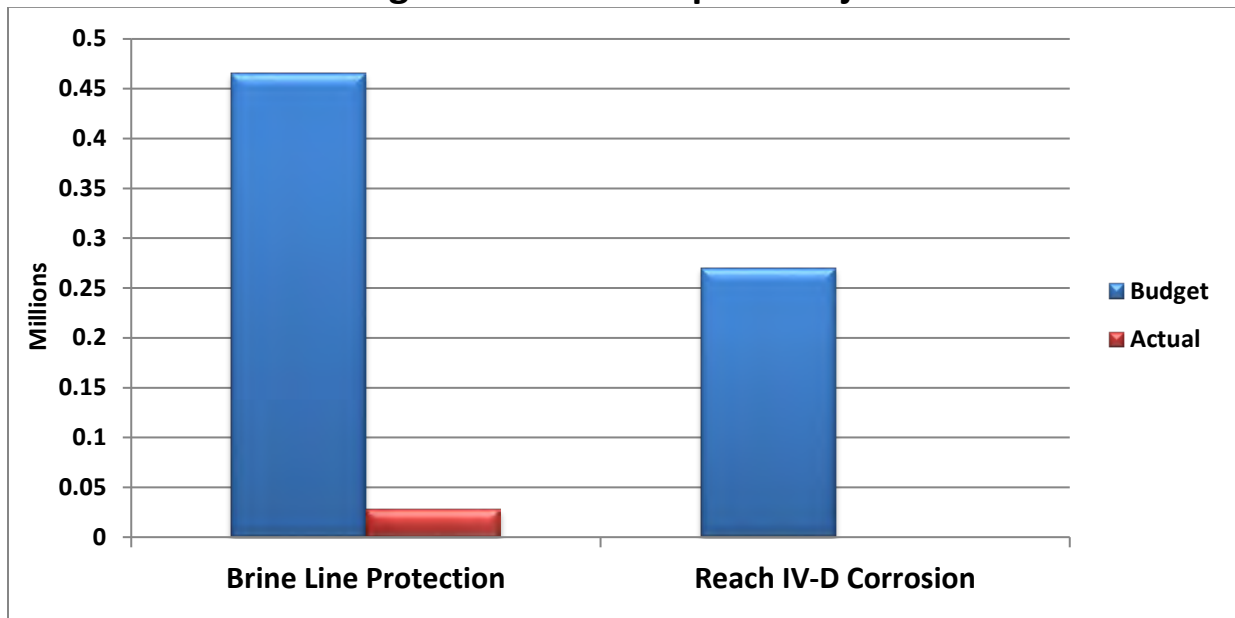
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Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through October 2022 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects				 Concern
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$1,397,185	\$465,728	\$27,705	\$438,023
Reach IV-D Corrosion	810,746	270,249	-	270,249
Total Capital Costs	\$2,207,931	\$735,977	\$27,705	\$708,272

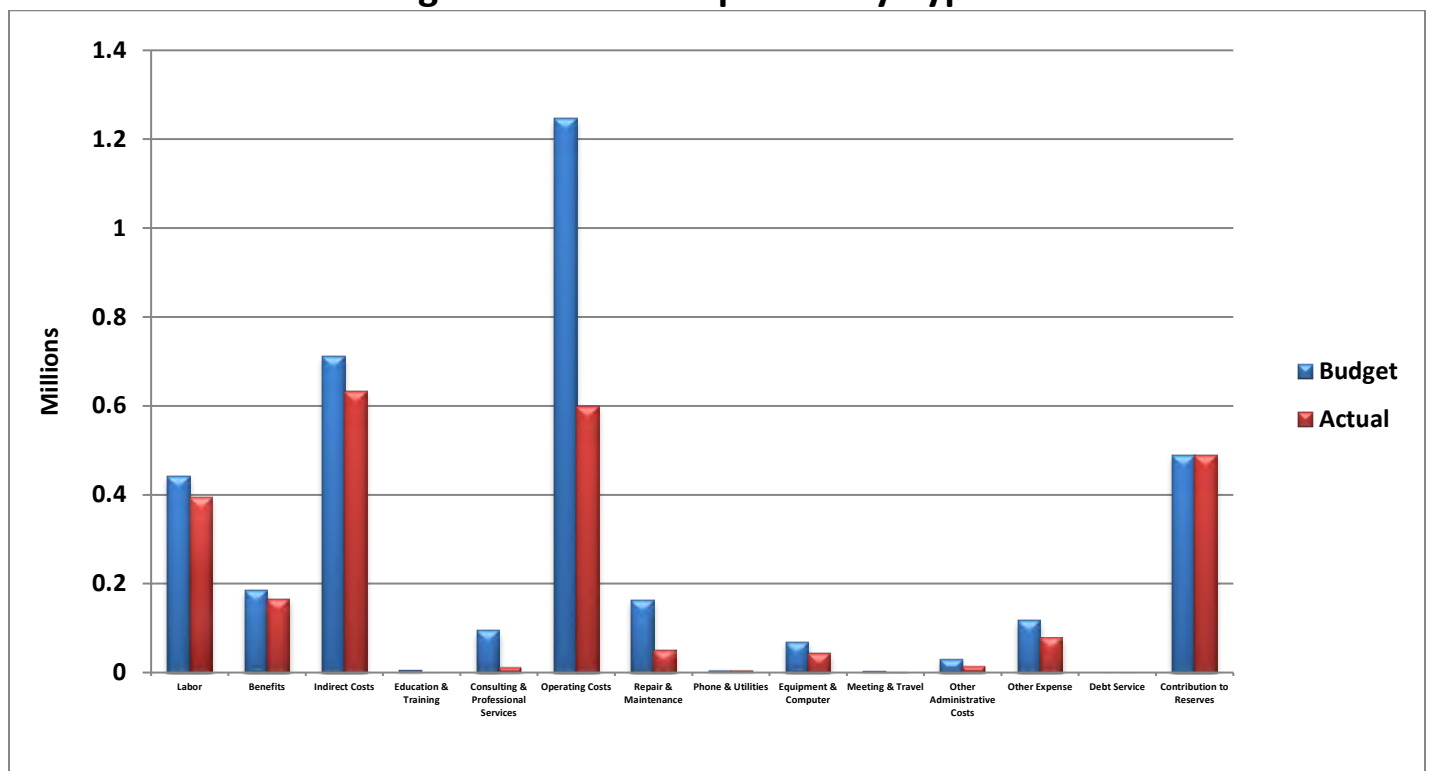
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,326,650	\$442,217	\$393,841	\$48,376
Benefits	556,753	185,584	165,413	20,171
Indirect Costs	2,133,400	711,133	633,296	77,837
Education & Training	14,500	4,833	-	4,833
Consulting & Prof Svcs	285,000	95,000	11,564	83,436
Operating Costs	3,739,650	1,246,550	598,220	648,330
Repair & Maintenance	490,000	163,333	49,830	113,503
Phone & Utilities	11,500	3,833	3,942	(109)
Equip & Computers	206,500	68,833	44,162	24,671
Meeting & Travel	10,000	3,333	1,445	1,888
Other Admin Costs	90,900	30,300	14,495	15,805
Other Expense	355,000	118,333	78,445	39,888
Debt Service	1,709,476	-	-	-
Contribution to Reserves	1,467,543	489,181	489,181	-
Total	\$12,396,872	\$3,562,463	\$2,483,834	\$1,078,629

Budget to Actual - Expenses by Type



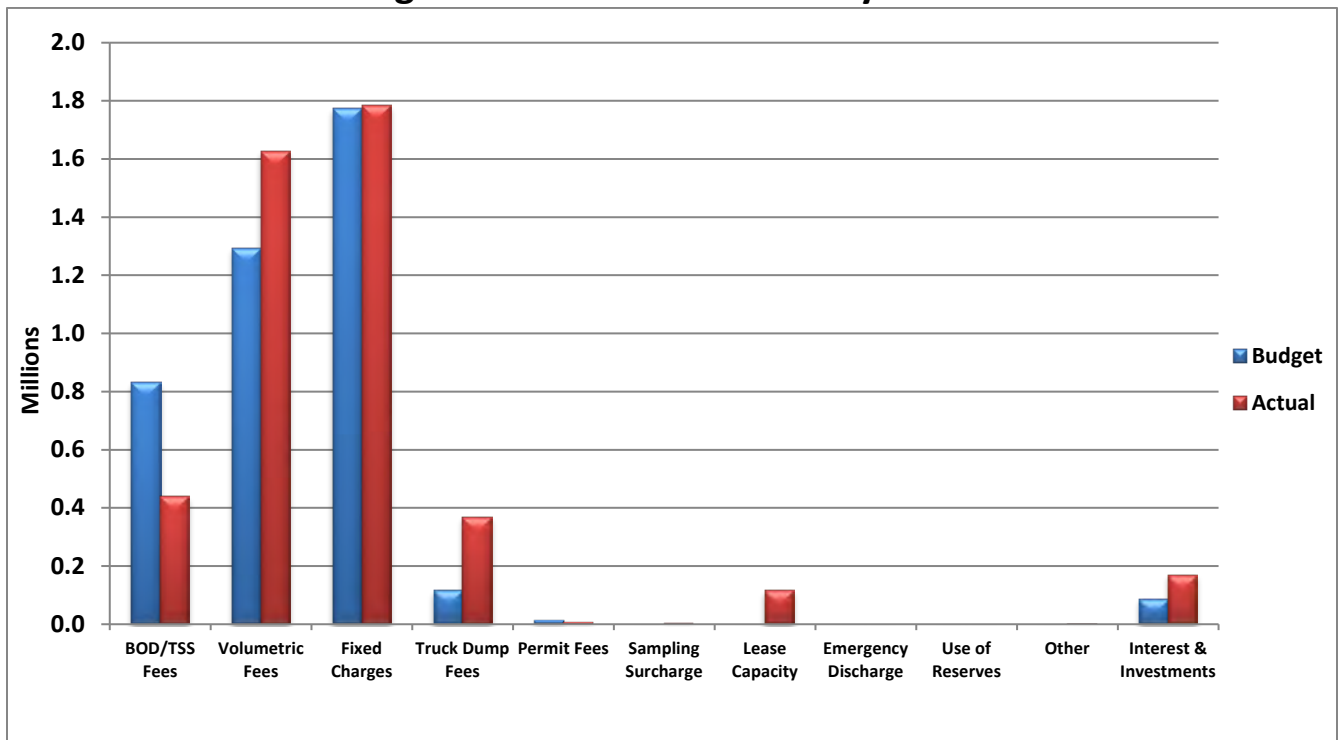
Budget to Actual - Revenues by Source



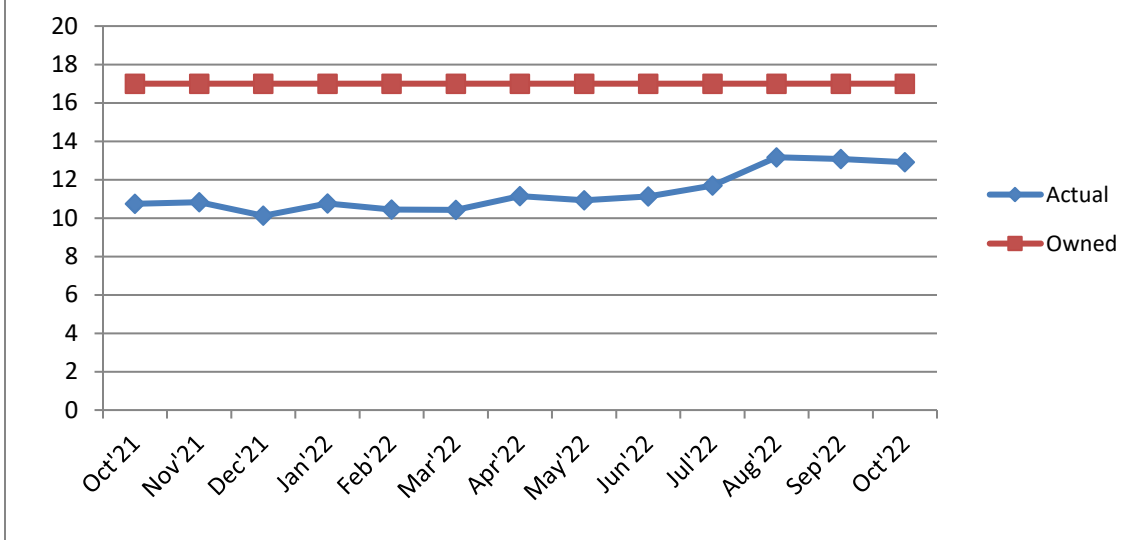
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,492,400	\$830,800	\$439,772	(\$391,028)
Volumetric Fees	3,881,300	1,293,767	1,626,531	332,764
Fixed Charges	5,323,422	1,774,474	1,785,250	10,776
Truck Dump Fees	346,500	115,500	368,383	252,883
Permit Fees	28,250	13,700	6,850	(6,850)
Sampling Surcharge	-	-	3,448	3,448
Lease Capacity Revenue	-	-	115,659	115,659
Emergency Discharge Fees	-	-	-	-
Use of Reserves	-	-	-	-
Other Revenue	-	-	134	134
Interest & Investments	325,000	87,500	169,766	82,266
Total	\$12,396,872	\$4,115,741	\$4,515,793	\$400,052

Budget to Actual - Revenues by Source



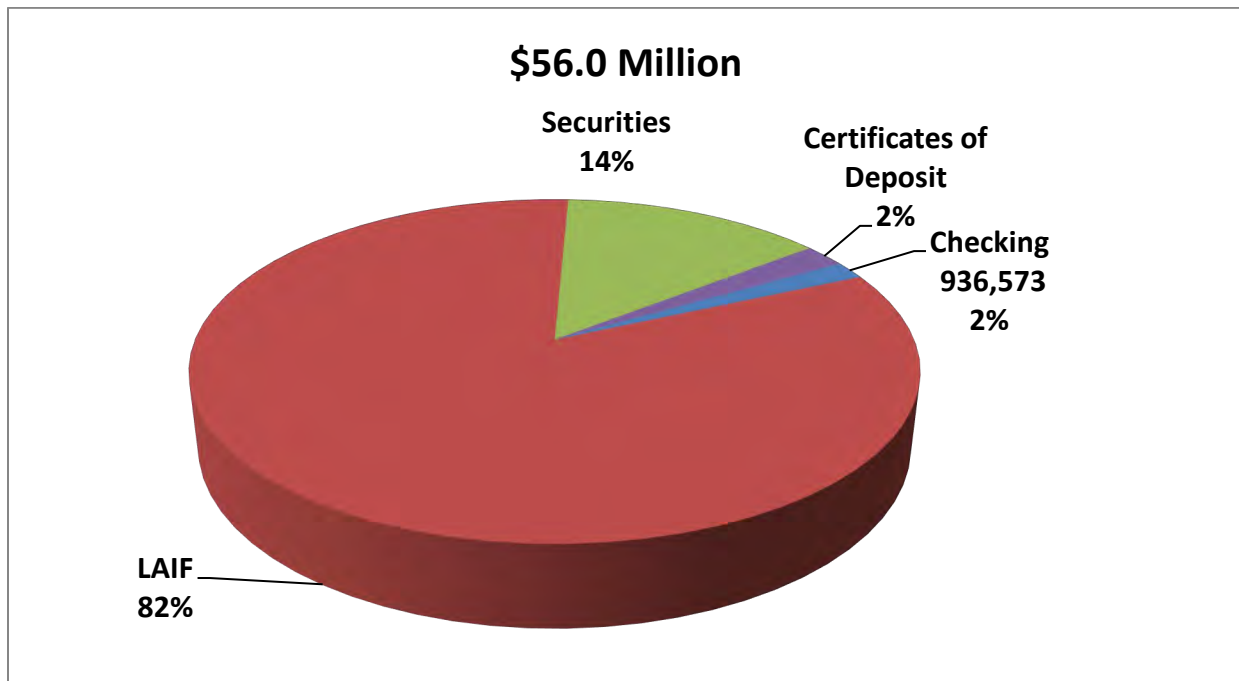
Average Daily Flow by Month



Total Discharge by Agency (in million gallons)

Discharger	Jul '22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Total
Chino Desalter Authority	111.8155	102.6702	100.1597	114.7575			429.4029
Eastern Municipal Water District	81.6087	109.4320	113.3346	128.5429			432.9182
Inland Empire Utilities Agency	13.9156	14.2653	13.1931	12.4871			53.8611
San Bernardino Valley MWD	31.2026	30.7288	30.6280	30.2635			122.8229
Western Municipal Water District	131.3138	134.1083	117.7155	122.9665			506.1041
Truck Discharge	4.4561	3.9106	4.4300	4.3521			17.1488
Total	374.3123	395.1152	379.4609	413.3696			1,562.2580





Total Cash & Investments



Reserve Fund Balance

	Amount
Self Insurance	\$4,374,998
Debt Retirement	2,844,366
Pipeline Replacement	23,451,929
OC San Rehabilitation	2,402,137
Capacity Management	12,096,528
Future Capacity	1,852,018
Rate Stabilization	1,037,820
Flow Imbalance	85,014
Brine Line Operating	7,886,079
Total Reserves	\$56,030,889

Legend

		<u>Compared to Budget</u>
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

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Capital Projects are 96.2% below budget. It is expected that the projects will be on budget by the end of the year.

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
November 2022**

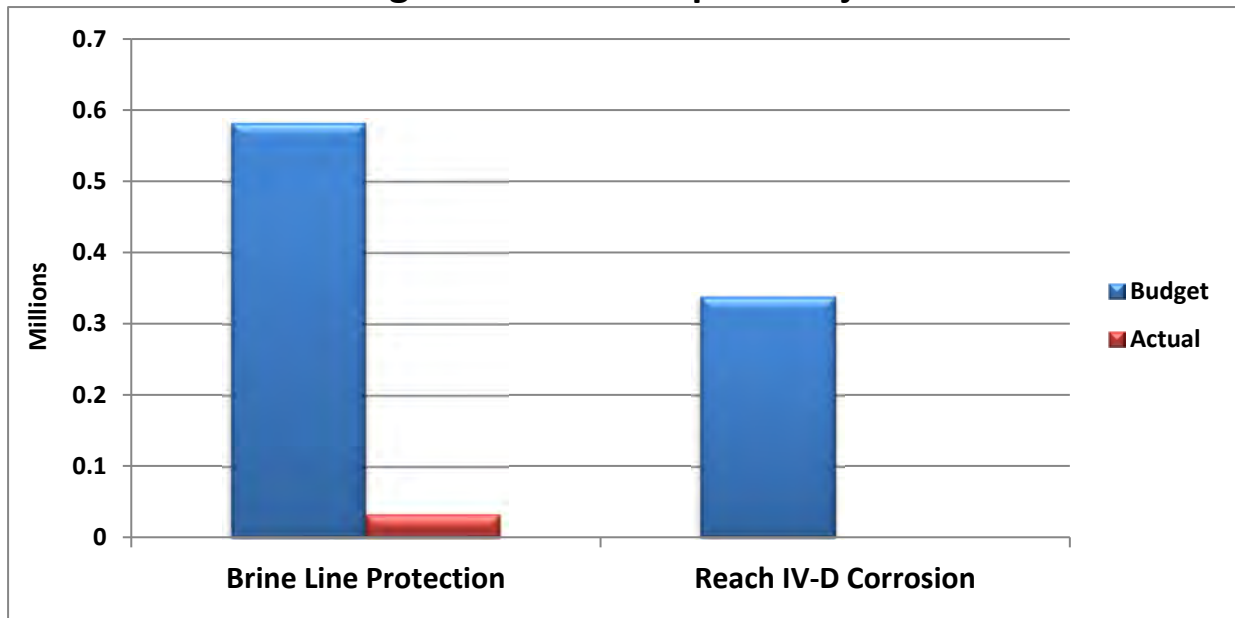
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through November 2022 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects				 Concern
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$1,397,185	\$582,160	\$33,333	\$548,828
Reach IV-D Corrosion	810,746	337,811	-	337,811
Total Capital Costs	\$2,207,931	\$919,971	\$33,333	\$886,639

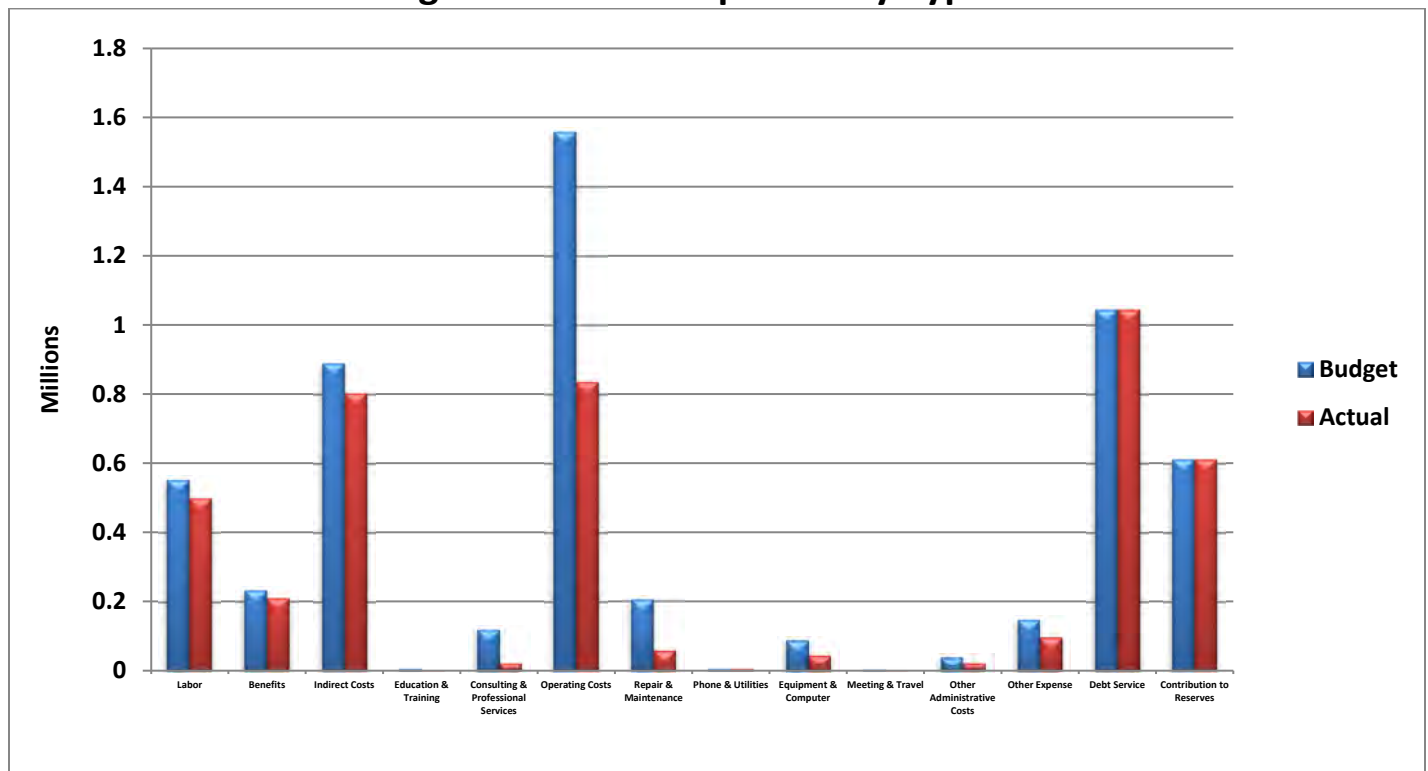
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,326,650	\$552,771	\$499,454	\$53,317
Benefits	556,753	231,980	209,771	22,209
Indirect Costs	2,133,400	888,917	803,123	85,794
Education & Training	14,500	6,042	1,236	4,806
Consulting & Prof Svcs	285,000	118,750	22,536	96,214
Operating Costs	3,739,650	1,558,188	835,453	722,735
Repair & Maintenance	490,000	204,167	59,050	145,117
Phone & Utilities	11,500	4,792	4,695	97
Equip & Computers	206,500	86,042	44,332	41,710
Meeting & Travel	10,000	4,167	1,445	2,722
Other Admin Costs	90,900	37,875	22,151	15,724
Other Expense	355,000	147,917	97,185	50,732
Debt Service	1,709,476	1,044,273	1,044,273	-
Contribution to Reserves	1,467,543	611,476	611,476	-
Total	\$12,396,872	\$5,497,357	\$4,256,180	\$1,241,177

Budget to Actual - Expenses by Type



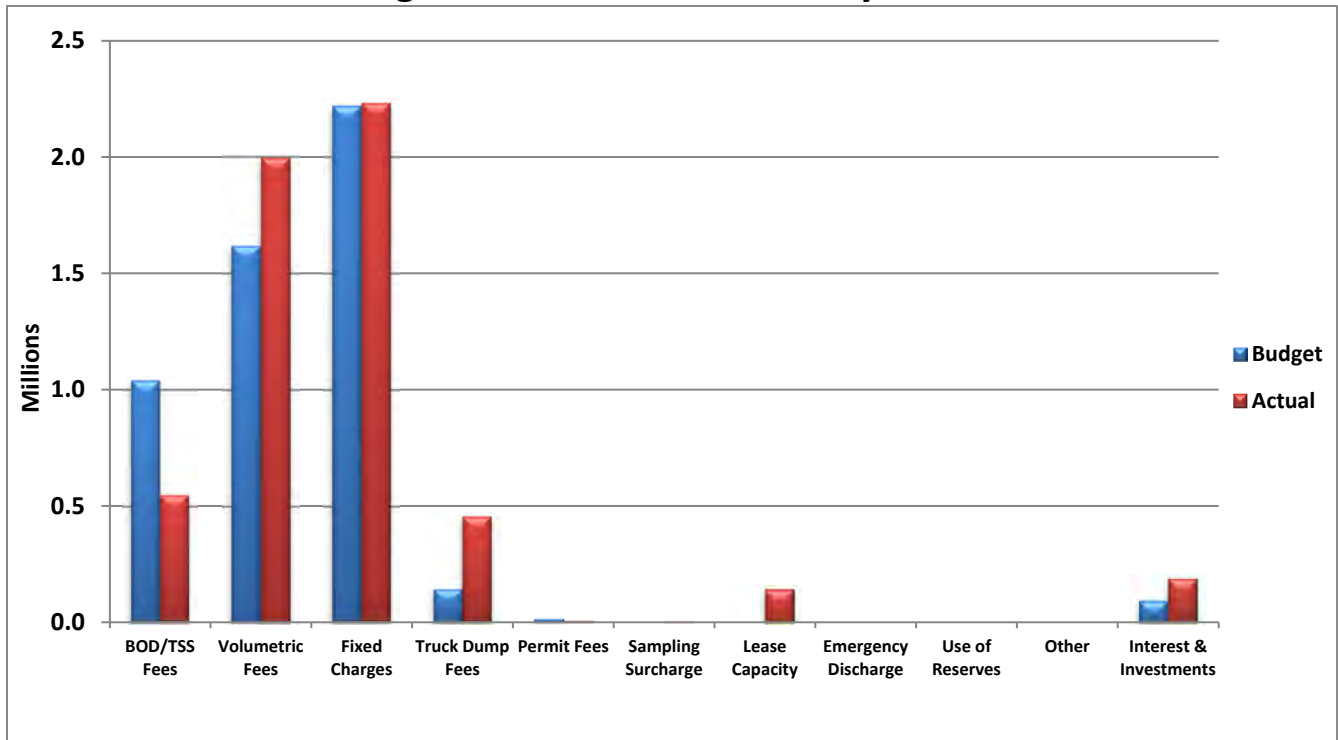
Budget to Actual - Revenues by Source



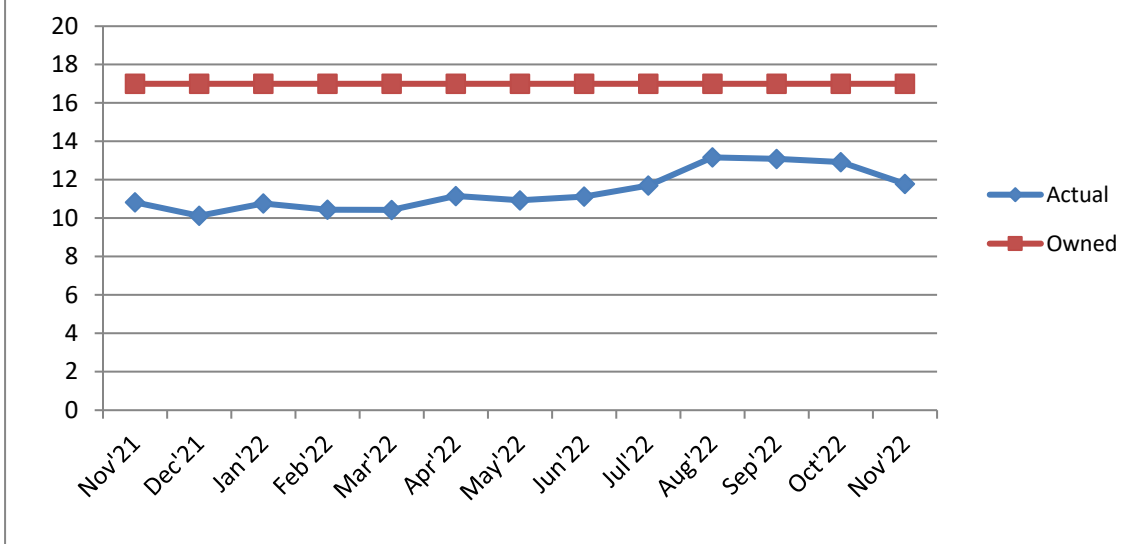
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,492,400	\$1,038,500	\$547,740	(\$490,760)
Volumetric Fees	3,881,300	1,617,208	1,994,557	377,349
Fixed Charges	5,323,422	2,218,093	2,231,543	13,450
Truck Dump Fees	346,500	144,375	452,024	307,649
Permit Fees	28,250	13,700	6,850	(6,850)
Sampling Surcharge	-	-	3,448	3,448
Lease Capacity Revenue	-	-	142,350	142,350
Emergency Discharge Fees	-	-	-	-
Use of Reserves	-	-	-	-
Other Revenue	-	-	449	449
Interest & Investments	325,000	93,750	187,555	93,805
Total	\$12,396,872	\$5,125,626	\$5,566,516	\$440,890

Budget to Actual - Revenues by Source



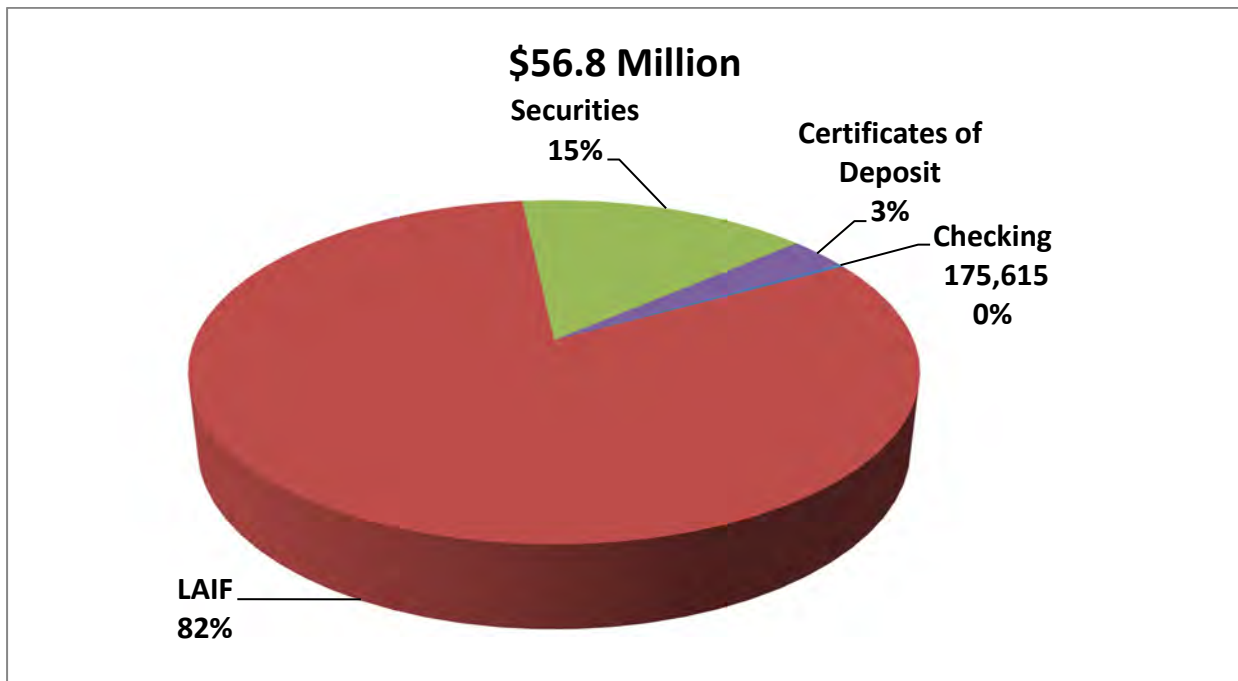
Average Daily Flow by Month



Total Discharge by Agency (in million gallons)

Discharger	Jul '22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Total
Chino Desalter Authority	111.8155	102.6702	100.1597	114.7575	101.6451		531.0480
Eastern Municipal Water District	81.6087	109.4320	113.3346	128.5429	104.8525		537.7707
Inland Empire Utilities Agency	13.9156	14.2653	13.1931	12.4871	11.8342		65.6953
San Bernardino Valley MWD	31.2026	30.7288	30.6280	30.2635	37.1176		159.9405
Western Municipal Water District	131.3138	134.1083	117.7155	122.9665	94.1258		600.2299
Truck Discharge	4.4561	3.9106	4.4300	4.3521	3.9594		21.1082
Total	374.3123	395.1152	379.4609	413.3696	353.5346		1,915.7926





Total Cash & Investments



Reserve Fund Balance

	Amount
Self Insurance	\$4,374,998
Debt Retirement	2,844,366
Pipeline Replacement	23,433,518
OC San Rehabilitation	2,402,137
Capacity Management	12,096,528
Future Capacity	1,852,018
Rate Stabilization	1,037,820
Flow Imbalance	85,014
Brine Line Operating	2,276,938
Brine Line Operating Cash	6,412,429
Total Reserves	\$56,815,766

Legend

		<u>Compared to Budget</u>
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Capital Projects are 96.3% below budget. It is expected that the projects will be on budget by the end of the year.



**Santa Ana Watershed
Project Authority**

**Financial Report for the Inland Empire Brine Line
Enterprise/CIP for the 1st Quarter Ending
September 30, 2022**

1

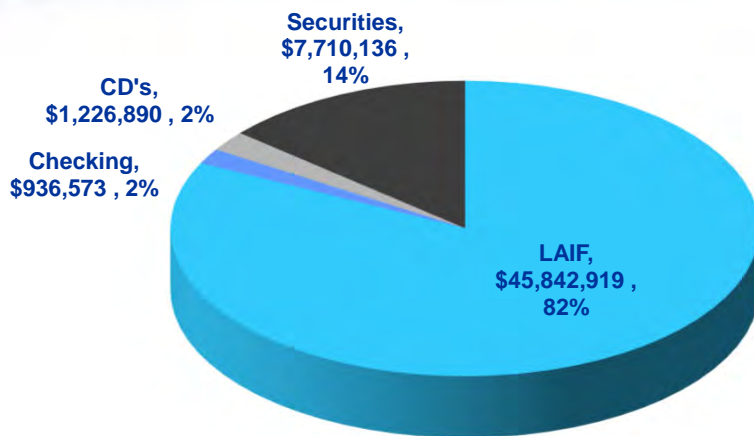
Agenda

- **Cash & Investments**
- **Reserve Account Balances**
- **Transfer, Uses & Contributions from/to Reserves**
- **Enterprise Revenues**
- **Enterprise Expenses**
- **Enterprise Performance**
- **Capital Improvement Program**

2

Cash & Investments

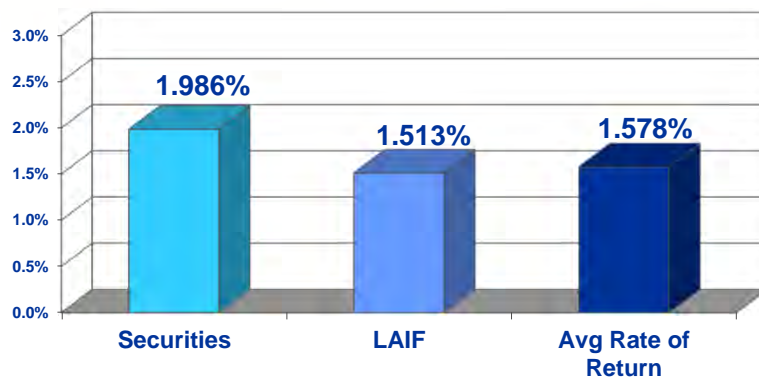
\$55,716,518



3

Cash & Investments

Interest Rate Analysis



4

Reserve Account Balances

Reserve Account	Balance
Self Insurance	\$4,361,363
Debt Retirement	2,835,501
Pipeline Replacement	23,141,929
OC San Rehabilitation	2,394,650
Capacity Management	12,058,828
OC San Future Capacity	1,846,246
Flow Imbalance Reserve	84,749
Rate Stabilization Reserve	1,034,585
Operating Reserve	2,835,501
Operating Cash	5,123,166
Total Reserves	\$55,716,518

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Reserve Account Balances Trends

Reserve	Balance @ 12/31/21	Balance @ 03/31/22	Balance @ 06/30/22	Balance @ 09/30/22
Self Insurance	\$4,508,045	\$4,321,376	\$4,352,284	\$4,361,363
Debt Retirement	2,824,145	2,827,377	2,829,589	2,835,501
Pipeline Replacement	22,389,053	22,548,826	22,758,505	23,141,929
OC San Rehabilitation	2,385,060	2,387,790	2,389,658	2,394,650
Capacity Mgmt	12,010,534	12,024,280	12,033,687	12,058,828
OC San Future Capacity	1,838,852	1,840,956	1,842,396	1,846,246
Flow Imbalance Reserve	84,410	84,506	84,572	84,749
Rate Stabilization Reserve	1,030,442	1,031,621	1,032,428	1,034,585
Operating Reserve	5,459,327	5,518,813	5,806,508	2,835,501
Operating Cash	-	-	-	5,123,166
Total	\$52,529,868	\$52,585,545	\$53,129,627	\$55,716,518

6

Transfers, Use and Contributions To/From Reserve

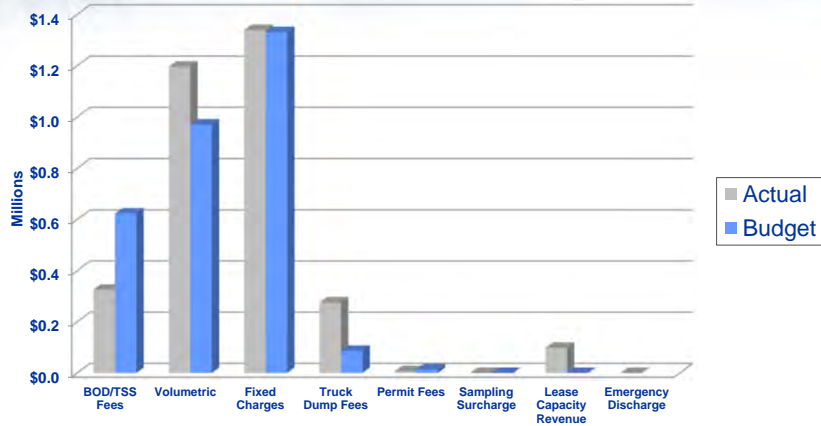
- **Pipeline Replacement Reserve**
 - Contribution of \$366,886
 - Use of \$459 - Fund 320 Brine Line Protection
- **Interest Earned - \$169,766**

Total Operating Revenues

Source	Actual	Budget	Variance Positive/(Negative)
BOD/TSS Fees	\$325,550	\$623,100	(\$297,550)
Volumetric Fees	1,195,975	970,325	225,650
Fixed Charges	1,338,958	1,330,856	8,102
Truck Discharge	275,459	86,625	188,834
Permit Fees	6,850	13,700	(6,850)
Lease Capacity Revenue	97,866	0	97,866
Sampling Surcharge	0	0	0
Emergency Discharge Fees	0	0	0
Total Operating Revenues	\$3,240,658	\$3,024,606	\$216,052

Operating Revenues vs. Budget

Budget vs. Actual



9

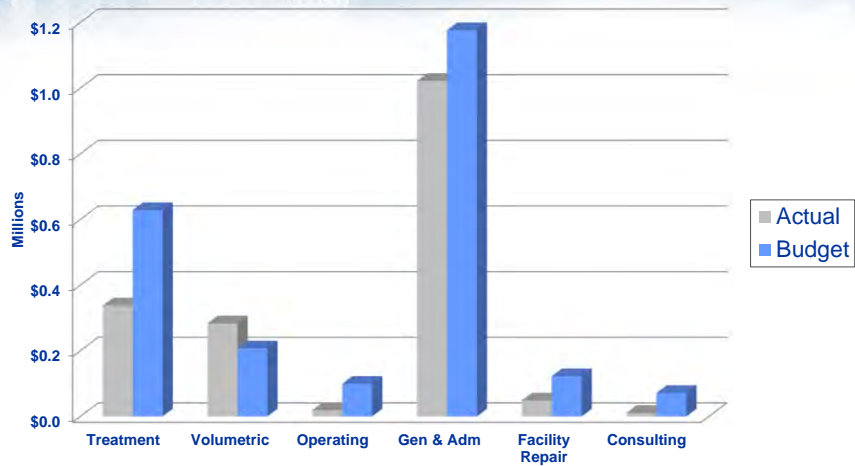
Total Operating Expenses

Source	Actual	Budget	Variance Positive/(Negative)
Treatment Costs	(\$337,776)	(\$628,400)	\$290,624
Volumetric Costs	(283,698)	(207,200)	(76,498)
Operating Costs	(19,096)	(99,313)	80,217
General & Administration	(1,022,158)	(1,176,301)	154,143
Facility Repair & Maintenance	(48,690)	(122,500)	73,810
Consulting & Prof. Services	(11,129)	(71,250)	60,121
Total Operating Expenses	(\$1,722,547)	(\$2,304,964)	\$582,417

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Operating Expenses vs. Budget

Budget vs. Actual



11

Non-Operating Revenues and Expenses

Source	Actual	Budget	Variance Positive/(Negative)
Interest & Investments	\$169,766	\$81,250	\$88,516
Other Income	134	0	134
Debt Service Payments	0	0	0
Contributions to Reserves	(366,886)	(366,886)	0
Total Non-Operating	(\$196,986)	(\$285,636)	\$88,650

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Enterprise Performance

Flow, BOD, TSS Actual vs. OCSD Billing

	SAWPA Billed	OCSD Billing	Difference
Total Flow (MG)	1,148.8088	1,153.93	(5.1212)
Total BOD (1,000 lbs)	331.2161	221.347	109.8691
Total TSS (1,000 lbs)	422.3841	394.575	27.8091
Flow - Pass through per MG	\$224.00	\$246.95	(\$22.95)
BOD cost per 1,000 lbs	\$353.00	\$352.51	\$0.49
TSS cost per 1,000 lbs	\$520.00	\$520.25	(\$0.25)

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Enterprise Performance

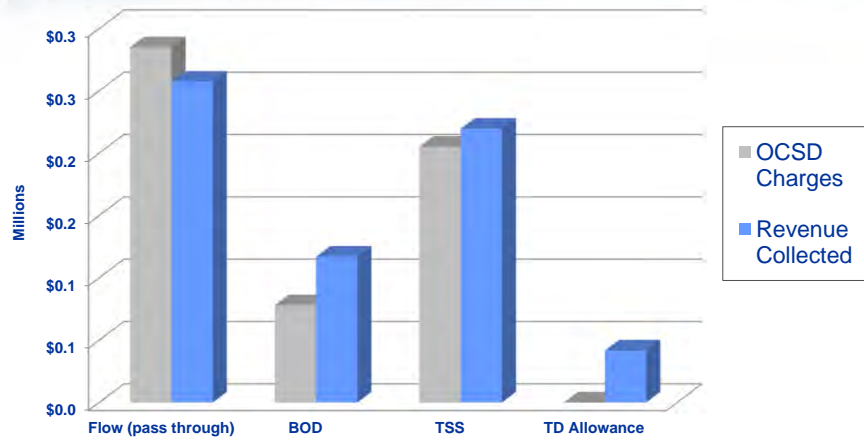
OCSD Flow, BOD & TSS Charges vs. Revenue Billed

	Revenue Billed	OCSD Charges	Difference
Flow (pass through)	\$257,333	\$284,963	(\$27,630)
BOD	116,919	78,027	38,892
TSS	219,640	205,276	14,364
TD Allowance	41,727	0	41,727
Total	\$635,619	\$568,268	\$67,353

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Enterprise Performance

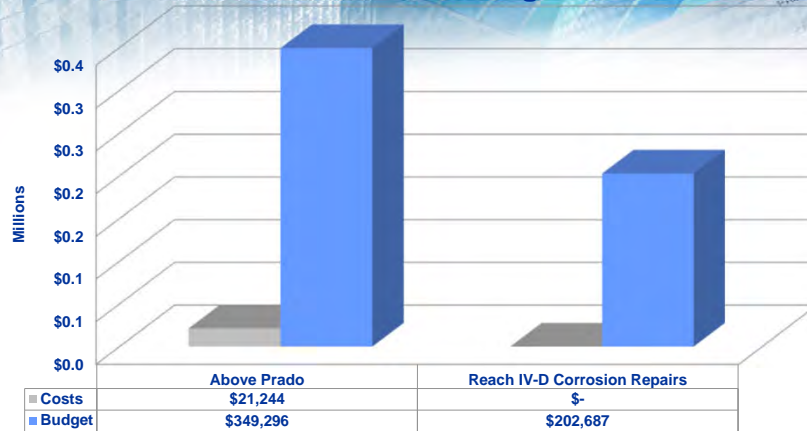
OCSD Flow, BOD & TSS Charges vs. Revenue Collected



15

Capital Project Fund

Costs vs. Budget



16

Capital Project Fund (320)

Brine Line Protection / Relocation Projects

- D/S Prado in OC – emergency protection work, pipeline relocation
- Above Prado - pipeline relocation and manhole lid adjustments – when required
- D/S Prado in Riv County – bank armoring

17

Questions ?

18